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ABSTRACT

This World Bank qualitative assessment of poverty in Albania outlines five objectives: (1) it seeks to develop the understanding of poverty in the country by involving poor Albanians in a process of exploring the causes, nature, extent of poverty and its effects; (2) it is intended to support the Growth and Poverty Reduction Strategy Paper (GPRS), under preparation by the Government of Albania; (3) it supports preparation of the Country Assistance Strategy (CAS), and the Living Standards Measurement Survey (LSMS) process; (4) it supports ongoing research on formal and information institutions in Albania that are relevant to poverty; and (5) it identifies emerging areas of concern that will require attention. The study is based at 10 sites in various parts of Albania representing: (1) a mix of regions; (2) different topographies; (3) different types of economies and industries; (4) presence of minorities; and (5) existence of large-scale processes such as migration and trade relationships. Analysis consisted of a literature review; 43 focus groups; over 80 open-ended interviews with community members; over 100 expert interviews; and 460 interviews for the household survey. Findings suggest that poverty developed in the study sites from a weak economic base at the beginning of reform, worsened as the reforms continued, and accelerated during the 1997 financial crisis. Households interviewed perceived five factors causing poverty: (1) unemployment; (2) insufficient and poor quality land; (3) lack of formal institutions to support the industrial and agricultural sectors; (4) the government's inability to respond to their increasingly fragile situations with inadequate infrastructure, public security, healthcare, educational services; and (5) the inability of informal coping mechanisms to continue to support the minimum needs of households under duress. (Contains a bibliography, two annexes (explanation of social capital and "The List"), a map of Albania, and 13 tables.) (BT)

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Poverty in Albania

A Qualitative Assessment

SO 033 860

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Europe and Central Asia Environmentally and Socially Sustainable Development Series

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Poverty in Albania

A Qualitative Assessment

Hermine De Soto
Peter Gordon
Ilir Gedeshi
Zamira Sinoimeri

The World Bank
Washington, D.C.

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FOREWORD

Over the last ten years, Albania has made substantial political and economic progress, especially since the civil turmoil of 1997. Yet challenges remain, especially with regard to reducing poverty: Albania, still being one of the poorest countries in Europe. To this end, the Government of Albania and its civil society partners have put considerable effort into formulating the country's Growth and Poverty Reduction Strategy (GPRS), which aims at reducing poverty through a comprehensive national development strategy. The strategy was based on an analysis of the qualitative aspects of poverty in different areas of the country and among various groups in Albania. It was for this purpose that the qualitative poverty assessment presented here was undertaken.

The qualitative poverty assessment presents information on a variety of sectors to support the GPRS with regard to how poor Albanians experience and express what poverty means to them -- and not only in terms of income poverty. The study found that Albanians experience poverty in terms of lack of hope, feelings of defenselessness and exclusion from social and commercial life, and an inability to continue cultural traditions. Different minorities have somewhat different experiences, with the Roma remaining the poorest and most vulnerable to social exclusion.

To support the GPRS approach of involving civil society through participation, the authors disseminated the study findings widely through regional and national media, and also discussed the findings with the study participants, national NGOs, the parliament, and the international donor community.

From the beginning, the Government of Albania – including President Rexhep Meidani -- actively supported the study. The President showed a keen interest in the study, in what Albanians said about poverty in cities, farming communities, peri-urban settlements, fishing villages, and in how poverty affects the quality of schools, health centers, and rural markets. We believe that this report will serve various sectors in the Bank, policy-makers, NGOs, the international donor community and the private sector – all involved in economic and social development in Albania.

Tuck

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The study was undertaken with the assistance of many individuals and organizations. We would like to thank Alexandre Marc, Sector Manager of ECSSD, for his support and feedback throughout the work. We also thank Eugen Scanteie, Resident Representative of Albania, and his staff for their valuable and kind assistance when we were in Albania. During the course of the study, we gained new insights into its importance to the Growth and Poverty Reduction Strategy (GPRS), from the Albanian GPRS Steering Committee.

Ranjit Nayak coauthored the concept paper that documented our approach. He also provided assistance during field research and ensured the quality of the work. Our special thanks go to Parviz Fartash of the UNDP office in Tirana. He provided sound guidance on the geographic scope of the study, and his questions for the socioeconomic household survey contributed to expanding current regional knowledge on issues of governance and security.

Several people reviewed the conceptual framework that guided the study. We are most grateful to the peer reviewers, Conception E. Del Castillo, Pierella Paci, and Philip Goldmann. Throughout the study, we also received helpful comments from: Kathryn Funk, Roy van Southworth, Andreas Rhode, Anush Bezhanyan, Calogar Carletto, Verdon Staines, Laurie Joshua, Julian Lampietti, and Helga Treichel.

The field research was coordinated with the local research team from the Center for Economic and Social Studies, CESS, and was managed by Ilir Gedeshi. We are especially thankful to Blendi Ceka, who interpreted during fieldwork interviews; Emille Ostrosi, who tirelessly entered questionnaire data and ensured its quality; Manuela Murthi and Gent Hashorva, who compiled and tabulated the survey data; and Mira Haxhiu, Edlira Shtepani, Sophia Noti, and Adriana Toshkezi, who transcribed more than 120 tapes of focus group discussions and interviews, and translated the field notes into English. We especially would like to acknowledge the local research team's patience and endurance during the time of energy shortage in Albania, especially during the fall and winter of 2000.

We are most grateful to formal and informal leaders, including community and fis elders, for their hospitality and welcome when we interviewed them and their families. We extend our warm acknowledgement to all the people in various regions we visited in Albania, who consented to be interviewed, often under tremendously difficult physical and psychological conditions. We hope that their willingness to participate in the study will ultimately have a positive effect on their daily lives.

Our sincere gratitude goes to Nora Dudwick and Stanley Peabody of ECSSD. We have learned and profited a great deal from their comments, which have immeasurably improved the draft of the report.

We thank Daphne Sawyerr-Dunn from ECSSD, whose administrative support saved critical time throughout the conduct of the study. Deborah Davis receives our special thanks for her skillful editorial touches. Elena Negru and Evelin Lehis kindly assisted in compiling the final version of the report.

Finally, without the financial generosity of the United Nations Development Programme (UNDP) in Tirana, and the Social Development Initiative for South East Europe, this study would have been far less comprehensive. We are most grateful for their support.

ACRONYMS

AEDP	–	Albanian Education Development Project
CAS	–	Country Assistance Strategy
CESS	–	Center for Economic and Social Studies (Tirana)
DM	–	Deutsche-Mark
Dr	–	Drachmas; at the time of researching this report, Dr1 equaled about L0.39
ECSSD	–	Europe and Central Asia Department, Socially Sustainable Development Unit
GDP	–	Gross Domestic Product
GPRS	–	Growth and Poverty Reduction Strategy
IMF	–	International Monetary Fund
L	–	Leks; at the time of research for this report, US$1 equaled about L142
LSMS	–	Living Standards Measurement Survey
MOLSA	–	Ministry of Labor and Social Affairs
NGO	–	Non-governmental organization
QA	–	Qualitative Assessment
UNDP	–	United Nations Development Program
WB	–	World Bank

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GLOSSARY OF TERMS

Analgesic: medicine to reduce or eliminate pain.

Anemia: a condition in which there is a reduction of the total number of red blood corpuscles, or of the total amount of hemoglobin in the blood stream, or of both.

Brucellosis: a persistent infectious disease caused by a bacterium transmitted to humans in the milk of infected cows and goats, and characterized by an undulating, or recurrent fever, an enlarged spleen, sweating, and pains in the joins; also called Undulant Fever, Malta Fever, or Mediterranean Fever.

Canun: A set of rules governing clans, households and individuals within a household. These rules were informal until institutionalized by Lek Dukagjini in the 1400s. The Canun withered under Communism but have resumed governing importance in some areas.

Collective Classes: classes comprising students from both local and distant areas that are created by educators for a number of reasons associated with the widespread migration of both students and teachers.

Commune: a local administrative unit in rural areas, comprising several villages, which is governed by a chief who is elected for three-year terms by commune residents.

District: an administrative unit comprising one or more municipalities, communes and usually a large number of villages.

Dynym: an area of land comprising 1,000 m^2. Ten dynyms comprise a hectare.

Fis: a group of people that descend from the same great grandfather. This extended family is bound together tightly by tradition, culture and a set of rules called the Canun, which were informal until formalized by Lek Dukagjini in the 1400s. The Canun withered under Communism but have resumed governing importance in some areas. Fis are found primarily in northern Albania, but families throughout Albania exhibit close family bonds, though they usually are not as strong as those of the fis.

Kryeplak: the head of a local administrative unit chosen by elections at the village level who serves the village for four-year terms.

Lek: the currency of Albania. At the time of the study, US$1 equaled L142.

Municipality: the local administrative unit governing a town, which is larger than a village and usually comprises more than 4,000 people and hosts industry.

Ndihme Ekonomike: an Albanian Government program to provide cash assistance to households who earn insufficient income through employment or other activities. Described in full in Chapter VIII on Economic Assistance.

Omonia: a central location in a city where those looking to find work gather to meet employers, usually for part-time work for a daily wage. Named after the square in Athens where similar employee-employer activity occurs.

Prefect: analogous to a province, 10 prefects comprise Albania. Each contains one or more districts and a number of municipalities, communes and villages. They are governed by leaders (called prefects) who are selected by the national government to serve four-year terms.

Rickets: a disease of the skeletal system, mainly of children, resulting from a deficiency of calcium salts or vitamin D in the diet, or from lack of sunlight, characterized by softening and, often, bending of the bones; also called rachitis.

Study Area: the collection of the 10 study sites considered together

Village: a small center of families that is lead by a Kryeplak. Usually, five to 10 villages comprise a commune.

World Vision: American NGO that was active in Albania during the Kosovo Crisis.

EXECUTIVE SUMMARY

Objectives of the Study

This qualitative assessment of poverty in Albania has several objectives. First, it seeks to deepen the understanding of poverty in the country by involving poor Albanians in a process of exploring the causes, nature, extent of poverty, and how it affects their lives. Second, the study is intended to support the Growth and Poverty Reduction Strategy Paper (GPRS), currently under preparation by the Government of Albania. Third, the study supports preparation of the Country Assistance Strategy (CAS), and the Living Standards Measurement Survey (LSMS) process. Fourth, it supports ongoing research on formal and information institutions in Albania that are relevant to poverty. Finally, it identifies emerging areas of concern that will require attention in the future.

Methodology

The study is based on research at 10 sites in various parts of the country, chosen to represent (1) a mix of regions (north, northeast, central south, southeast) and urban, peri-urban, and rural areas; (2) different topographies (mountains, valleys, flat areas); (3) different types of economies and industries; (4) the presence of minorities; (5) the existence of large-scale processes such as migration and trade relationships. The sites were chosen jointly by the World Bank team and the Albanian research team, with the latter comprising local members of the GPRS team and researchers from the Center for Economic and Social Studies. The joint team selected the following sites: Gramsh, Korca, Kukes, Kurbin (Lac), Mallakastra (Ballsh), Mirdita, Saranda, Shkodra, Tirana, and Vlora. These sites together represented a cross-spectrum of Albanian society.

The analysis consisted of a literature review; 43 focus groups (4 in each area, plus 3 with representatives of minority communities) of seven to 10 people each; more than 80 open-ended interviews with community members; more than 100 expert interviews; and 460 interviews for the household survey (45-47 in each site).

The guiding principle of the field work was that poverty would be evaluated in relative terms, with members of each community being asked to determine who is and who is not poor, based on their perceptions in a number of areas. People were asked, for example, whether poverty means lack of hope; inability to feed and clothe their family; feelings of exclusion from social and economic life; feelings of defenseless and physical insecurity; inability to continue traditions such as baptisms, weddings, and funerals; inability to obtain information; lack of clean water, education, health care; lack of economic opportunity; etc.

Findings

General Causes of Poverty since 1990

It appears that poverty developed in the study sites from a weak economic base at the beginning of reform, worsened as the reforms continued, and, for some, accelerated during the 1997 financial crisis. For many people, economic and political conditions have supported improvements in their living conditions over the past 10 years. A significant number of households participating in the questionnaire, focus groups, and interviews said that their conditions have improved over the past decade. However, about 40 percent of respondents say that food intake has worsened since 1990, and a significant number of participants in the focus groups and interviews feel that socioeconomic conditions have worsened during the period. Additionally, some feel that conditions have deteriorated after the 1996-1997 collapse of the pyramid schemes. Some shopkeepers report that over the past two years their lists have grown longer and the debt of each household on the list has generally increased. Although longer lists and increasing debt could indicate increased consumption and reduced poverty, the responses of households in the household questionnaire, focus groups, and interviews indicate that they are more likely the result of increased coping in the face of intensifying poverty for those at the bottom of the socioeconomic ladder. Poverty remains a serious problem in the 10 study sites.

The legacy of the old economic and political system and implementation of reforms in the early 1990s affected the 10 sites in very similar ways. In each site, state-owned enterprises failed after privatization, and competitive market institutions and social safety nets have not yet been sufficiently developed. Simultaneously, the divestment of state farm and agricultural cooperative lands to individual households enabled some to produce their own food and earn cash income, but others received relatively unproductive land or no land at all, and, as in the industrial sector, effective market institutions have not yet been adequately developed.

As people have become unemployed, under-employed, or unable to earn a sufficient living from their land, they have begun to rely on coping mechanisms. The effectiveness of the government safety net has been reduced in part by inflation, overwhelming demand, and improper targeting. Consequently, people have turned to migration as the preferred coping mechanism. Lack of funding and weak management have hobbled the government's efforts to address difficulties in infrastructure, healthcare, education, and public security. The burdens of economic and health problems and the fear of crime, particularly violent crime, have caused additional emotional stress. These burdens have also impeded the search for employment; the production and marketing of agricultural and industrial goods; domestic and foreign investment; migration; school attendance; access to healthcare; and a number of other important activities. The rise and collapse of the pyramid schemes, followed by the resulting civil crisis, exacerbated these conditions.

In summary, households interviewed perceive that several factors cause poverty: unemployment; insufficient and poor quality land; a lack of formal institutions, including marketing mechanisms, to support the industrial and agricultural sectors; the government's inability to respond to their increasingly fragile situations with adequate infrastructure, public security, healthcare, educational services, and social security programs; and the inability of informal coping mechanisms to continue to support the minimum needs of households under duress.

Characteristics of the Impoverished and Other Groups

Against this background, households defined themselves in terms of how they understand poverty and the degree to which they see themselves as impoverished.

The ***Very Poor*** believe that poverty primarily means not getting enough to eat, not being able to purchase clothes, an inability to continue traditions that are important to them, and a feeling of defenselessness, hopelessness, fear, ignorance and humiliation. Their principle problems are lack of food, lack of clothing and shoes, and poor water quality. Their sparse diet is causing health problems, which many feel have worsened considerably since 1990. In some places, the incidence of child malnutrition is estimated by local officials to be about 50 percent. Other problems are psychological stress and the poor condition of their home. A smaller proportion of the group feels that an inability to obtain healthcare services and sewage disposal are key problems. Two-thirds of the group say that lack of employment and income are the most important causes of these problems. About 87 percent of this group own a small two-room home, and a third own a median of about five dynyms of land (usually inherited from the state during the transition). Approximately half receive remittances, which are crucial to their welfare.

The ***Poor*** believe that poverty is primarily hopelessness, defenselessness, exclusion from social and commercial life, low ability to provide basic necessities for the household, and an inability to continue traditions. In contrast to the Very Poor, Poor households say they eat more, and fewer say they have health problems and psychological stress. Their principle problems are infrastructure related – little or no transportation and electricity shortages – as well as lack of clothing. Secondary problems are the poor condition of their homes and water shortages. The main causes of their problems are unemployment, low or no income, and lack of security. Due to their greater concern about infrastructure-related problems, about half the group says unresponsive or inadequate government is an important cause of their problems. About 86 percent own a small two-room home with basic household items, and about 40 percent own a median of five dynyms of land (usually received from the state during the transition). Approximately half of the Poor receive remittances, but they earn more income from remittances than the Very Poor because the remittance rates of their migrants are higher.

The ***Non-Poor*** define poverty primarily as difficulty getting accurate information, and secondarily as exclusion from social and commercial life, an inability to continue some of their traditions, and hopelessness and defenselessness. They have greater material wealth than the Poor and Very Poor, including more income from remittances due to the higher remittance rates of their migrants. Because of their greater material wealth, they are less concerned about food and clothing, and more concerned about infrastructure and public security. Their main problems are heat (short and expensive supplies) and security (crime, lack of trust, and psychological stress). Secondary problems are water (low quantity and quality), sanitation/sewage, and the inability to access healthcare. Ninety-five percent of them own a small two-room home and 56 percent own a small amount of land (usually received from the state during the transition).

The ***Relatively Prosperous*** see themselves as poor only in that they experience difficulty obtaining information. They have little psychological stress from lack of food, clothing, and healthcare. Members of this group say their health is good, except for the problems of getting old, and many own cars and major household goods such as refrigerators and televisions. Some have second homes. Few in this group receive remittances or use other informal coping mechanisms. But like the other three groups, they feel that key problems are infrastructure and security. Their infrastructure priorities focus more on sewage and water, but also include heat (too expensive) and electricity. Matters of crime, trust, and the resulting stress are also considered significant by this group.

Sectoral Themes

Agriculture

The most important factors depressing agricultural production and income involve land distribution, irrigation, marketing, and the paucity of institutions that could enable farmers to manage agricultural assets in ways that would make the sector more productive. These problems impact households differently, creating three types of producers – commercial farmers who sell most of their production; the 50-70 percent of households with multiple sources of income who cultivate mostly for family consumption but sell some production; and the 10-20 percent of farmers who have a very difficult time supporting their families. Many landholders, particularly the multiple-income farmers, say they cannot compete with imports of cheaper food products from other European countries, which are often subsidized.

Industry

The industrial sector in the 10 study sites has long suffered problems that depress employment and income. Before the transition in the early 1990s, official statistics indicated that unemployment was very low, but in reality significant unemployment and underemployment existed. The privatization of industry, particularly primary resource and manufacturing enterprises, created additional unemployment and underemployment, and new industrial enterprises were not created quickly enough to employ many of these people. The 1997 riots hurt a significant number of businesses, and many foreign investors left the county altogether.

Mining and manufacturing enterprises are scarce throughout the country. The two major private sector employers are services and construction. Employers in the service sector are usually small family-run businesses that do not create many new jobs. Additionally, work in the subsector tends to be part-time, intermittent, and low wage. The construction industry has created more jobs, but most are also part-time, intermittent, and low wage. The new jobs being created tend to provide little or no opportunity for learning new skills. Because of the closure of many industrial enterprises in the 1990s and the lack of new job creation, the government remains the biggest single employer in many locales, particularly in northern areas that formerly were home to state-owned industry.

Economic Assistance

Forty-two percent of respondents receive some sort of social security benefit – a pension, unemployment assistance, *Ndihme Ekonomike*, or disability assistance. Households, government assistance managers, and political leaders say the current collection of economic assistance is too small to help them much. The amount of assistance many families receive is not enough to cover monthly utility costs. However, the assistance provides enough for some Very Poor households to buy flour and make bread, a significant part of their daily diet.

According to a former director of *Ndihme Ekonomike* in the Ministry of Labor and Social Affairs (MOLSA), the amount of *Ndihme Ekonomike* assistance is very low because nominal budgets have not increased as much as inflation, and demand caused by high unemployment overwhelms funding. Many families in need are not receiving assistance because of regulations precluding application for assistance; difficulty submitting applications to distant assistance centers; and poor targeting of assistance, including distribution that is influenced by political considerations.

Remittances and Migration

Remittances from internal migration and emigration are a very important part of Albania's economy in general and the incomes of individual households in particular. According to the IMF and the Bank of Albania, remittances currently account for a significant percentage of GDP. Migration is the principal means of coping with economic difficulties. About 15 percent of household members were on trips to other cities or countries at the time the study was conducted. More than a few people said migration makes the difference between being relatively prosperous and being poor.

Migrants tend to leave rural areas to go to villages or cities within Albania. Northerners go south to major Albanian cities or west to Italy. A few northerners go to southern Albania before proceeding to Greece. Southerners go south to Greece or west to major coastal cities in Albania, and from the coast some go on to Italy. There is no significant difference in migration rates of different socioeconomic groups, except for the Relatively Prosperous, who migrate far less. We also found no significant difference in migration rates among households of rural, peri-urban and urban areas, nor in migration rates between those who own and do not own land. However, those who emigrate more often and for longer periods of time tend to be relatively more prosperous. Most of the migration is short term, either within Albania or to other countries. The coping benefits of migration are very large, but it contributes to significant social problems in the areas of family relations, education, and healthcare.

Infrastructure

After employment and income, many Albanians feel that infrastructure problems are the main cause of their difficulties and low standards of living. Of the most urgent priorities, people chose water, sewage treatment, electricity, and roads ahead of housing, care of children and the elderly, and government assistance such as *Ndihme Ekonomike*. Water supply and sewage treatment are urgent priorities for approximately 60 percent of respondents, who frequently blame poor water quality and inadequate sanitation for their health problems. Nearly all households have access to electricity, but for only about nine hours a day, which is why most feel improvement in the electricity system is a top priority. Sparse and inadequate roads are blamed by political leaders, economic managers, community leaders, and citizens, particularly in rural areas, for depressing incomes and economic growth.

Education

Most Albanians believe the quality of education has declined over the past 10 years. Although a majority still feel the quality of their own schools is fair to good, about two-thirds feel their schools have worsened. As a result of the overall decline in the quality of education, educational levels have fallen and illiteracy is emerging in some areas, particularly in rural and some newly formed peri-urban settlements. Many parents, teachers, school administrators, and political leaders believe that the quality of teaching and reduced student attendance are the principal reasons for the decline. The reforms of the early 1990s created conditions that initiated the decline, and the destruction during the 1997 crisis accelerated it.

Health and Healthcare

The quality of health and access to healthcare are important issues to Albanians. Although approximately 80 percent say their health is average to very good, twice as many people say that the health of household members has worsened since 1990 than say it has improved. About a third of respondents feel that an inability to obtain healthcare for household members is a major problem in daily life. Shortages in qualified healthcare personnel, facilities, and access to medical personnel and medicine are the problems most mentioned by focus group and interview participants. As a result, illnesses related to lack of preventive care and hygiene are rising, as are illnesses associated with lack of food and potable water. Health and healthcare conditions are worse for those at the bottom of the socioeconomic ladder, those without access to key infrastructure such as water and sewage systems, and those further away from cities.

Social Capital[1]

Government capacity is weak because of insufficient funds and inefficient management. People blame government corruption and ineffective political parties for the very deep economic and social problems they feel Albania currently faces. Decentralization, which has just begun, has already achieved some successes and has caused some problems. Weak, or in some places, nonexistent government capacity contributes to the current governance vacuum in parts of Albania.

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[1] For more on social capital, see Annex 1.

Elements of civil society fill these vacuums in some places. In rural areas of northern and eastern Albania, traditional institutions such as the fis and the Canun are re-emerging to provide some order and stability in the absence of government capacity.[2] But these institutions, based on extended families/clans, are limited in their ability to address the wide range of people's needs. In addition, the wariness of Albanians with other groups in general – other families, ethnic groups, and religious groups – fragments civil society and confines non-governmental solutions to local geographic pockets. All ethnic minorities, say that relations among the groups are good, including with the Romas and Evgjits (Gypsies).[3] But poor conditions among the Romas and Evgjits may still prove troublesome because of deep-seated economic, social, and political discrimination against them, and because their much higher rates of birth mean their problems will weigh more on Albanian society over time.

The collapse of formal horizontal organizations[4] such as agricultural and industrial enterprises and cooperatives, supply networks, and distribution channels has left another vacuum in the country. This vacuum contributes significantly to unemployment and low incomes. Additionally, other types of associations and formal organizations such as religious organizations, charity groups, self-help organizations, and public interest groups have not yet developed sufficiently to help many families and communities cope with difficulties. As a result, many Albanians have developed informal institutions to cope with their economic and social problems. The two most important informal institutions are informal credit ("the list") and migration networks that produce remittances. Social capital at the level of the family is also critically important to coping. However, the coping is stressing family relations, particularly the role of women in their families.

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[2] A fis is a group of people that descend from the same great grandfather. This extended family is bound together tightly by tradition, culture and a set of rules called the Canun, which were informal until formalized by Lek Dukagjini in the 1400s. The Canun withered under Communism but is again becoming important for governance in some areas. Fis are found primarily in northern Albania. See the glossary for definition of this and other terms.

[3] Carol Silverman, a scholar of Romas and Evgjits at the University of Oregon, notes the similarities and distinctions of these two groups in an interview: "These two groups are self-identified as Roma and Evgjit (or Jevgjit). Evgjit would best be translated into English as Egyptian. The main difference between the two groups is that Roma usually speak Romany (a language with South Asian origin), but not always, and they speak Albanian, usually as a second language. The Evgjit speak only Albanian. Most scholars agree that both ethnic groups have the same origin in northwest India 1,000 years ago. But the Evgjit claim they come from Egypt. During the past 10 years, the Evgjit in Albania (and those in Kosovo and FYR Macedonia) have reached out to the Egyptian government for cultural and political ties, with very limited success. How did these two ethnic groups diverge if the origins are the same? Throughout history, Romas have been the objects of discrimination and there have been various ethnic processes to distance themselves from the stigma of being Roma. So probably in the Ottoman Empire, which allowed for fluidity of ethnic and linguistic identification (what mattered was religion), the Evgjit assimilated linguistically and developed a separate identity as a way of climbing up the social scale. I know many Evgjit in Macedonia who insist that they are not Roma and that their ancestors came from Egypt. There are some writings by activists and writers . . . . . . who claim they are related to Copts. All this is very unlikely because the paths of Romani migration into the Balkans did not likely cross Egypt. . . . but what is important is to recognize why [the Evgjit] do not want to be Roma, but rather a separate ethnic group."

[4] Horizontal institutions are local institutions, enterprises, cooperatives, trade associations, and community-based civil society organizations that establish linkages at the same level. Compare with vertical institutions such as professional associations, farmer organizations, trade unions, etc., which branch out from the local level and become integrated with national or regional organizations.

Conclusions and Policy Implications

The qualitative assessment is based on the perceptions of the Very Poor, Poor and Non-Poor members of society in the 10 study sites. It confirms many existing understandings of poverty, as well as identifies a number of new findings. Because of the absence of previous baseline studies on poverty to which we can refer, and the fact that a qualitative assessment is not statistically representative of the whole of Albania, our conclusions and policy implications are limited to perceptions, trends, directions, and identification of more lines of inquiry. More work is required to establish a poverty line and measure more precisely the scope and intensity of some of the phenomena observed during this assessment. It is difficult to summarize conclusions and policy implications in a few lines because of the interdependence and complexity of the phenomenon observed, but an attempt is made here to bring them together.

For many households, the lack of food, clothing, and other basic necessities is still a primary preoccupation. Absolute poverty remains high in the study sites despite many years of positive economic growth, and there is some evidence that conditions have worsened for those at the bottom of the socioeconomic ladder. In addition to lack of income and material wealth, households also experience poverty as a lack of hope and emotional well-being, a lack of access to basic services, and as an inability to sustain family traditions.

High unemployment and underemployment are seen as the principal causes of poverty. They result from a number of interdependent factors, including: the lack of domestic and foreign investment in industry and agroprocessing; the lack of private sector institutions to facilitate input supply, production, and marketing; inadequate infrastructure, which reduces the health and productivity of both individual households and productive enterprises; the lack of security against crime and intimidation, which depresses investment and other productive activities; and the weakness of central and local governments in mobilizing resources and addressing pressing infrastructure, public security, health and education needs.

In response to the daily problems caused by these factors, households have developed or enhanced the use of migration networks, shopkeeper lists, *Ndihme Ekonomike* and other social assistance, and other coping mechanisms. However, these coping mechanisms are under stress and may not be viable alternatives in the future. Migration could become less viable because families may be less able to endure separations and governments of foreign destinations may tighten their borders. Informal credit may become less available because shopkeepers may be less willing or able to underwrite household debt. Government social security programs are currently overwhelmed and insufficiently targeted to help many of the impoverished. If these coping mechanisms wither, the conditions of people who have fallen into poverty over the past decade could deteriorate further.

Policy Implications

Proactive, focused measures should be implemented before unemployment and depressed incomes worsen and coping mechanisms deteriorate for those at the bottom of the socioeconomic ladder. On one hand, Albania has a large number of unemployed and underemployed; on the other hand, it has a large number of needs that require labor, such as building schools, hospitals and clinics, water and sanitation systems, power plants, roads, and telecommunications facilities. The poverty reduction strategy should make construction of basic infrastructure, schools, and medical facilities a priority. Such projects should maximize use of domestic labor, emphasize worker training, and focus implementation at the community level (such as community works projects).

Albania has a relatively wealthy natural resource endowment, geographic proximity and coastal location that accommodate closer relations with some of the world's wealthiest economies, and an industrious population. Yet it has failed to attract significant foreign capital or mobilize domestic savings for investment in mining and processing, manufacturing, agroprocessing, tourism, and other potentially strong employment- and income-generating activities. Poor infrastructure is a major impediment to such investment. But the lack of public security is also a critical barrier to mobilizing foreign and domestic capital and putting it to efficient use. The poverty reduction strategy should nurture improvements in law enforcement, judicial administration, and anti-corruption efforts to improve public security and the investment environment.

The poverty reduction strategy should also support improvements in government management at the national, regional, and local levels. Administration of social security programs, health services education, and infrastructure maintenance deserve emphasis. As part of these governance improvements, the implementation of decentralization laws and regulations and the efficient and equitable mobilization of fiscal revenue require close attention. Projects with strong community participation are essential to overcome the cynicism Albanians have developed toward their government. Remuneration of government employees, particularly in isolated areas, should increase significantly as fiscal resources grow. Strengthened government management and resource mobilization will also support improvements in the investment environment and in the construction and management of infrastructure and health/education facilities that are suggested above.

Focusing on such policies would help to expand investment, grow employment, and improve productivity. But they must be accompanied by development of private organizations and institutions that improve the efficiency and sustainability of labor and investment. The poverty reduction strategy should focus on developing private sector organizations and institutions – in agriculture, manufacturing, mining and other natural resource development, and tourism and other service subsectors – that would enable these sectors to mobilize inputs, and to produce and market more efficiently, equitably, sustainably, without damage to the environment.

Many people still want their government to perform many of the functions it carried out during the Communist period and, therefore, they remain passive in developing private linkages among groups within their community and between communities. The resulting dearth of private service associations and other NGOs limits the capacity of communities to improve living conditions in the absence in many locales of strong and effective government. The poverty reduction strategy should engender the development of local, non-governmental associations and other organizations to link existing elements of civil society together to pursue common and constructive social goals. These elements of civil society should include existing associations, NGOs, fis and other networks, as well as new elements to be developed. This is already being done through many projects (microcredit and social service delivery) and is reflected in the future portfolio (fisheries and community-driven development). What may be lacking is a more universal strategy for community-driven development that would promote stronger citizen participation in government decentralization and in sectoral policy development. Family/fis-based associations are filling the gap in some northern and eastern districts, but a specific project may be needed in these districts to stimulate more openness and reduce violence, crime, and other conflict. In this context, the development of activities for young children, adolescents, and women could be important.

I. INTRODUCTION

Albania is a country of industrious people, relatively rich natural resource endowment, and a geographic proximity and coastal location that are conducive to closer relations with some of the world's wealthiest economies. Albania has much potential to sustain relatively fast and equitable economic growth. This report analyzes the living conditions of households, with the aim of providing input to the Government of Albania's Growth and Poverty Reduction Strategy (GPRS), and supporting other collaborative efforts to assist development in Albania.

The report uses qualitative methods to listen to Albanians describe their situation. It benefits from a small socioeconomic household survey, which provides scale and context for the qualitative information collected. The report is also limited in geographic scope. It covers 10 sites of differing character and conditions. The analysis and conclusions of this study apply solely to these sites.

The report begins with an assessment of poverty by Albanian households – how they think about poverty and what it means for their daily life. Chapters III through VII detail the major sources of income and sustenance on which most Albanians depend, assess the multiple factors that influence growth and poverty, and examine how these factors relate. Chapters VIII through X examine key sectors that impact daily life for households and individuals, and that traditionally have been the responsibility of government. Chapter XI examines the influence of social capital on incomes and poverty, and Chapter XII presents the spectrum of poverty and its causes in the study sites.

In researching this report, we attempted to listen to what Albanians say about Albania; to assess poverty from the multitude of voices in cities, farming communities, peri-urban settlements, fishing villages, schools, health centers, roadside kiosks, rural markets, and many other places where people live, learn, work, and grow old. We believe the report presents an important perspective on poverty in 10 study sites of Albania, and what poverty means and how it emerged.

Objectives and Methodology

This qualitative assessment (QA) of poverty has several objectives. First, it seeks to provide a comprehensive understanding of poverty in Albania by involving poor Albanians in a process of exploring the causes, nature, extent, and perceptions of poverty in various parts of Albania. As part of this objective, the assessment seeks to illuminate specific themes that impact poverty at the community level:

- unemployment/underemployment
- social services
- infrastructure
- education
- health
- social capital and informal activities
- governance
- gender
- migration.

Another objective of the QA is to support other research being conducted by the Government of Albania, with support from the World Bank and the International Monetary Fund. In particular, it will support the Government of Albania's Growth and Poverty Reduction Strategy Paper (GPRS), currently under development. It also will support the Country Assistance Strategy (CAS) for Albania, and probe issues of poverty that can be further explored in the quantitative assessment (LSMS). Another objective of the QA is to support research on formal and informal institutions in Albania that are relevant to poverty. Finally, the QA also aims to identify emerging areas of concern.

Methodology

Ten sites were chosen to ensure that the study could explore the causes, nature, extent and perceptions of poverty in various parts of Albania. In these 10 sites, a range of qualitative data-gathering techniques were used to ensure that the information gathered represented a wide variety of perspectives. The QA also utilized a household socioeconomic survey to provide scale and context for consideration of the qualitative information.

Site Selection

The Bank's QA team and the Albanian research team, from the Center for Economic and Social Studies, jointly selected the sites for the study, utilizing the following criteria: 1) mix of rural, peri-urban, and urban areas; 2) representation of several regions of Albania, to include northern, northeastern, central, southern, and southeastern Albania, as well as different topographies, to include mountainous, valleys, and flat areas; 3) representation of different types of economies and industries; 4) the existence of minorities; and 5) consideration of large-scale processes such as migration, post-conflict economic development, and small-scale trade relationships. The following sites were selected:

- **Gramsh**: About 45,000 residents live in this 695 square kilometer district in the central part of Albania south of Elbasan.[5] It has nine communes and 95 villages, and has the city of Gramsh (pop. 16,000) as its administrative center. Most of the population is ethnic Albanian and Muslim, but a small group of Vlachs (Aromanians) and a few Evgjits live there as well.[6] Agriculture has been the most important sector since the closing of the district's main military industrial enterprises.

- **Korca**: Korca district comprises 2,181 square kilometers of land in southeastern Albania and about 172,000 people. It has two cities (Korca, the administrative center, and Maliq) and 153 villages. Most of the population is ethnic Albanian, but a significant number of minorities also inhabit the district. Muslims and Orthodox Christians are the two major religious groups. The district has relatively developed industry and agriculture.

- **Kukes**: This district in northeastern Albania has 94 square kilometers of area and about 75,000 people. The new city of Kukes (pop. 22,000), the administrative center, was built in 1962 to replace the old town of Kukes, which was flooded in 1976 as part of the construction of a major hydro-electric power generation facility. The district also has 14 communes and 90 villages. Most of the population is ethnic Albanian and Muslim, although a small number of Evgjits and Orthodox Christians also reside here. Small-scale agriculture has been the most important sector since the closing of nearly all of its mining and mineral processing facilities.

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[5] The population data presented in this section for each district are from the 1990 - 1999 Albania Demographic Yearbook (INSTAT 2000). These figures must be treated with caution, however, due to the difficulty in counting people during a period of widespread migration.
[6] These and other minorities are addressed in Chapter XI, "Social Capital."

- **Kurbin (Lac)**: About 59,000 people live in this 273 square kilometer district located along the western coast between Tirana to the south and Shkodra to the north. It has three cities (Lac, the administrative center, Milot and Mamurras), four communes, and 28 villages. Most of the population is ethnic Albanian, either Muslim or Catholic, but about 100 Roma families also live here. Kurbin has small-scale agriculture and forestry production, and some foreign investment. Most of its mining and processing enterprises have closed.

- **Mallakastra (Ballsh):** Mallakastra district is composed of 40 square kilometers of land in the southwest and has about 44,000 people. It has eight communes and 40 villages, and has Ballsh as its administrative center. Most of the population is ethnic Albanian and Muslim, but small groups of Romas and Evgjits also reside here. Its oil, refining, beverage, and agricultural processing industries began to develop in the 1970s.

- **Mirdita**: This district has 867 square kilometers of area located northeast of Kurbin, and about 45,000 people. It has five communes, two municipalities, and 80 villages. Mirdita's administrative center is Rreshen (pop. 8,000). Most of the population is ethnic Albanian and belongs to the Catholic religion, but some Romas, Evgjits and Muslims live in Mirdita as well. Mirdita has small-scale agriculture and some forestry development, but its mining industry has been closed.

- **Saranda**: About 63,000 people live in this 749 square kilometer district located in the southwest corner of Albania. The city of Saranda is its administrative center. The district has one other city (Konispol) and 64 villages. A majority of the population is ethnic Albanian, but about 40 percent are ethnic Greeks. A small number of Evgjits also live in the district. Muslims and Orthodox Christians are the two major religious groups. Saranda has relatively developed agriculture, fisheries, industry, and tourism.

- **Shkodra**: Shkodra district has about 196,000 people in a 197 square kilometer area situated in the northwest. It has two cities (the city of Shkodra is the administrative center), 16 communes, and 134 villages. Most of the population is ethnic Albanian, but Romas also reside here. The district's major religious groups are Muslims, Orthodox Christians, and Catholics. Agriculture/forestry, fishing, and industry are important in the district.

- **Tirana**: Near Albania's geographic center, Tirana is the most heterogeneous district, with about 480,000 residents on 1,238 square kilometers of land.[7] The capital city is its administrative center. Tirana comprises four regional units that have the status of municipalities, but about a quarter of the district's land area is agricultural and an additional 40 percent is covered by forest. Most people are ethnic Albanian and Muslim, but the district also has a significant number of ethnic and religious minorities. Tirana has relatively developed agriculture, forestry, and industry.

- **Vlora**: This 1,609 square kilometer district is located on Albania's southern coast, north of Saranda. It has about 179,000 people, 4 cities, and 98 villages. The city of Vlora (pop. 86,000) is its administrative center. Most people are ethnic Albanian and Muslim, but the district has a significant number of ethnic minorities such as Vlachs, Romas, and Evgjits, as well as many Orthodox Christians. Industry, agriculture, fishing, trade, and tourism are important to its economy.

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[7] Due to the large scale of incoming and outgoing migration in Tirana, unofficial estimates of the population in Tirana vary widely from the official data. Some district officials believe that the population in the Tirana district may number more than 800,000.

Within each of these sites, rural areas, peri-urban areas, and municipalities were selected to conduct the interviews, focus groups, and socioeconomic household survey. Each of these areas is equally represented in the study. Rural and peri-urban areas were selected based on several criteria: 1) the distance from an urban center; 2) the number of families in the area, 3) the economic level of the area; and 4) geographic spread within the district, including representation of different communes within a district. For each of these criteria, the field research team generally sought heterogeneity. The district of Tirana is the exception. Because of Tirana's heterogeneity and the first-hand knowledge of the field research team with central Tirana, the team targeted more poor areas of the district. Additionally, in many districts, some village, peri-urban and municipal areas were chosen specifically because they are populated by one or more minority communities. Municipalities are represented by the district's administrative center, as well as one or more other cities.

Research Techniques

Several research techniques were used to conduct the qualitative assessment: 1) a desktop review of relevant literature; 2) 43 focus groups; 3) open-ended interviews of more than 80 individuals (a minimum of two per district); and 4) more than 100 expert interviews. No household or individual participated in more than one of these events. Each techniques was used to cross-check the results of the others. The names of people quoted in the report are fictitious, and other standard procedures have been followed to ensure the confidentiality of each participant in the process.

Desktop Review. The research team reviewed literature relevant to poverty in Albania, including literature that addressed the institutional aspects of poverty in Albania. These sources appear in the bibliography.

Focus Groups. The research team conducted four focus groups in each study site, as well as three focus groups with representatives of minority communities in Gjirokaster and Elbasan, for a total of 43 focus groups. Focus groups in each district were conducted in rural areas, peri-urban areas, and municipalities. For most focus groups, the team chose 7 to 10 persons of different ages, employment status, and migration status. Participants were chosen in two steps. First, a pool of prospective participants was selected randomly from a list of residents provided by the local leader. From this pool, the local research team selected individuals who fit the selection criteria. Focus groups comprising poorer residents were selected from the list of economic assistance recipients provided by the local manager of economic assistance. Households that did not wish to participate were replaced by other households with similar characteristics. Some focus groups included only representatives of specific groups, such as women, children, and certain professions such as medical staff and teachers. Medical-related and education-related participants were chosen by contacting hospitals and schools. Focus group moderators used a question guide developed by the research team. All focus groups were recorded in the Albanian language, and the transcripts were used to create summaries in English.

Open-Ended Interviews of Individuals. The local research team interviewed more than 80 individuals of different ages, genders, educational levels, professions, employment status, migration status and living standards, with rural, peri-urban and municipal areas represented roughly equally. Participants were selected in two ways: 1) randomly from the list of residents and list of economic assistance recipients; and 2) randomly from people in public domains. Those conducting the interviews used a question guide that mirrored those used in the focus groups.

Expert Interviews. The research team interviewed more than 100 people who have expertise in some aspect of the qualitative assessment. The team interviewed mayors, prefecture directors, municipal line managers, district line managers, central government managers, members of parliament, directors of NGOs, directors of business and community associations, and traders/vendors. Issues covered included education, healthcare, labor, economic assistance, public security, taxation, women, and minorities. The interviews were divided roughly equally among rural areas, peri-urban areas, and municipalities. In rural areas, village elders, medical staff, educators, and other people in authority were interviewed. Question guides were tailored to each subject area, based on the household socioeconomic questionnaire.

Socioeconomic Household Survey. The research team surveyed 45-47 households in each site (representing about 2,300 individuals), for a total of 460 interviews. Rural areas, peri-urban areas, and municipalities in each district were represented about equally. The households were selected randomly from lists of residents provided by leaders of villages and municipalities. If a household was unavailable, another household was selected randomly from the list. The survey contained 143 questions covering employment, income, household assets, economic assistance, migration, infrastructure, healthcare, education, other social services, social networks, institutions, governance, feelings on overall conditions, and attitudes toward poverty.

II. ALBANIAN DEFINTIONS OF POVERTY

A key principle of this qualitative study is to evaluate poverty in relative terms. The QA team relied on the members of the community under consideration to determine who is poor and who is not. In the focus groups, interviews, and household survey, people were asked, "What does the word 'poverty' mean to you." They had a variety of answers, but most talked about economic difficulties, emotional stress, or a sense of futility. The household survey asked the same question and gave six possible answers. Its results are consistent with those of the focus groups and interviews, as presented in Table 1 below.

Table 1
What Does the Word "Poverty" Mean to You?

	Percent Selecting Meaning
Lack of hope	45.8
Low ability to feed, clothe, and/or house yourself and your family	44.5
Feeling excluded from social or commercial life	40.4
Feeling defenseless	32.7
Inability to continue traditions such as baptisms, weddings, funerals. etc.	23.9
Finding it very difficult to obtain truthful information	15.2
Anything else	5.8

Note Respondents could select more than one meaning.
Source Authors' compilation.

Albanians have a multidimensional view of poverty that is broader than solely feeding and clothing themselves. Lack of hope, feeling excluded from social and commercial life, and a low ability to feed, cloth and/or house the family are most often, as are feeling defenseless and the inability to continue traditions. Hopelessness is presented in terms of both economic opportunity and family safety. Lesko, who lives in a municipality of Tirana, believes, "Security is a big problem . . . .We feel scared for the children . . . That is the reason why most families intend to leave the country – because they have lost trust and hope in the future." Petro describes his hopelessness, "I used to work for a state-owned enterprise but it was shut down during the transition. I have been unemployed for 10 years. I try to find casual work but it is very hard to find in Gramsh. We have no hope here because nobody ever thinks to invest in this town; it is fruitless."

Many people discussed their inability to feed, clothe, or adequately house their families. Usually they presented their inability in terms of their diet, their indebtedness to informal creditors, the dilapidated nature of their house, the lack of furniture or other household items, the lack of infrastructure, or their inability to pay for services. Vili, a farmer in Kurbin, describes his household's inability to meet economic needs. "The economic level of my family is 'very poor.' Our house is old and does not have any sanitation system, not even a septic hole. . . . My furniture is very old .. . . we don't have a washing machine . . . . We did not eat veal for the New Year holiday, but even the richest family in the village may eat meat three times a year. We buy flour and make bread at home." Guri, a household head of one of the poorer families in Mallakastra, describes his ways of coping. "I buy food on lists. I had about L20,000 in debt, which my mother paid off for me when she came from Greece. I cook bread for my family. For lunch we eat beans and rice, while for dinner we have what remains from lunch. For breakfast we have tea. My mother helps me with clothes and dressing too." Further east in Gramsh, Alush describes very similar difficulties in meeting needs. "They say we are poor because we have no possibility to eat meat even once a month . . . . We buy chicken on the day we get economic assistance. . . . We eat beans, cabbage, and onion, no fruits or sweets. . . we have no furniture and our rooms are always wet . . . we buy dresses and clothes in the market for used clothes . . . we have not paid our electricity bill in 10 years because we cannot. . . .We go outside to get water at the stoop."

Exclusion from social and commercial life is usually addressed in terms of being unemployed, too busy coping, or too poor to afford social activities. Zamira, a woman in Mallakastra, describes her isolation in terms of unemployment and inadequate income. "Ten years ago most of us wives worked in the public sector or in an agricultural cooperative. Now we are almost isolated from society . . . We stay home because we have no money to go shopping or to do something out of the house." The loss of formal organizations and institutions that formed the backbone of the socialist economy is welcomed by many, but some observers note the lack of social cohesion without them. As a leader in Saranda notes, "By getting a fragment of land and being completely engaged in it, farmers are somewhat isolated from community life, thus intensifying the rate of individualism and minimizing the community's role in rural areas."

The inability to continue traditions such as weddings and funerals reinforces feelings of isolation and exclusion. Low income is blamed by many for the weakening of social traditions, but the migration of many relatives, friends, and neighbors also precludes such activities. Kol, an elder of a clan in Mirdita, says, "A wedding ceremony is not easy. It takes lots of money. Even a funeral is very expensive and for this we pay a contribution of L200 each, all the village I mean . . . . when the family of the deceased is a close relative we pay a contribution of L500." Suzanna discusses the impact of migration in limiting weddings, and the affect of low income on the number of funerals occurring among a population that is aging rapidly. "There are no weddings in the village. Only 10 funerals have occurred over the past three years."

People in the 10 study sites were also asked the most important problems they face in their daily life. More chose infrastructure-related problems of water, sewage, power, heat, and roads than any other type of problem. People tend to talk about most elements of infrastructure in the same breath. Bashkim, a farmer in Kurbin, describes problems there. "Our main problems are telephones, roads, and lack of water and toilets in our homes. Our toilet is an earthen hole, which we clean during the summer because then we have irrigation water to use. But there are families who keep their holes open and don't clean them." Nazmir is a commune resident in Saranda who also lists a number of infrastructure deficiencies. "Infrastructure is a big problem . . . . There aren't enough roads. We used to have water but because of the newcomers we don't anymore . . . Power is low and is interrupted all the time. That is why we cannot use domestic appliances. If the state improves infrastructure, people will come back from emigration and invest. Otherwise no one will come back here to live."

Like Nazmir, a number of people believe that far fewer people would migrate if infrastructure were better. Paskal, a resident of a municipality in Tirana asserts, "If living conditions were improved, especially infrastructure such as motorways, water supply, energy, etc., it would lead to the return of emigrants . . . . But the infrastructure situation worsens each year." Infrastructure is deficient in most areas, but even where it is relatively better, people believe that improvements would reduce migration. A head of a commune in Tirana says, "If the infrastructure of drinking water, roads, electricity and irrigation, etc. were built, then people would no longer need to move abroad to make a living as emigrants."

Because of the deficiencies in infrastructure and the strong effect of these shortcomings on everyday life, many people feel that improving infrastructure should be a top priority. In Mallakastra, Agron feels that "Several things should be priorities: sewage, potable water, roads, and phone lines." An elder says, "The main concern I have is water for irrigation; if I had my chance this would be the priority in the village, and then road infrastructure, which must be improved." A few people say that some parts of infrastructure are even more important than employment. Elira, who lives in a peri-urban neighborhood of Saranda, says, "The key problem for us is the supply of potable water as well as the drainage system. The second is that of employment and emigration."

Many also mentioned security-related issues as major problems in their daily lives. People feel insecure primarily about crime, health, and economic well-being. These insecurities increase emotional stress, including feelings of hopelessness, fear, and defenselessness. Violence and theft are the two most common fears about crime. As a villager in Shkodra, Ferit, laments, "Order and security are big problems for us. Due to the closeness of the border, every day there is a murder or a robbery in the village." People feel that lack of safety along roads is one of the more significant signs that they are not safe. Zyhdi, a villager in Kukes, says, "The good side of the Communist regime was security and order. My wife could travel from here to Vlora and nobody touched her. Nowadays, conditions are very dangerous." In Mallakastra, Remzi believes, "The road that connects the village . . . has no rule of law. I am for the rule of law. Without the rule of law, the gangs can do whatever they want with anybody. They might even kill you right in the middle of the street."

People also express their insecurity in terms of economic issues. The inability to maintain one's household is an obvious source of insecurity for many people, especially the impoverished. But economic insecurity touches everyone because levels of trust have deteriorated. Nuri, a businessman in Saranda, observes, "Everyone who emigrates keeps their savings in Greece because we do not trust Albanian banks .. . . We do not see any future, especially after the events of 1997. . . . Everything is considered doubtful." Economic insecurity also engenders insecurity about health. As a household head in Mallakastra puts it, "The food is bad and the living conditions are awful, which means illnesses and disease come and stay for a long time." Insecurities about health range from the simple knowledge that one will often be sick due to the poor water system, to the fear that a serious accident can unnecessarily lead to a death. Namik, a farmer in Kurbin, is one with such fears. "The major problem is healthcare. Here, one nurse or medical technician must cover the entire area. We don't have an ambulance either, so if you have an emergency you are in trouble." But others note that the general insecurity present in many households of Albania also can lead to premature emergencies. A doctor in Kurbin asserts, "Heart disease is also increasing considerably. Psychological stress is increasing because of people's poverty . . . and the disappearance of security in life."

Households identified with some consistency the characteristics they associate with poverty, as well as the major problems they face on a daily basis. Households also identified with similar consistency the causes of poverty. A majority believe that the leading cause of their problems is lack of employment and income. Besnik, a teacher in Kukes, says, "I would like emphasize the fact that 40 percent of the people able to work are unemployed." Llesh, an elder in Shkodra is another who feels that unemployment is the most important problem for the impoverished. "We have an average economic situation. There are families who are poorer than we are. There are many families who get their daily bread on lists. . . . People suffer because there are no jobs." A significant but smaller number also feel that unresponsive or inadequate government and lack of public order are major causes of their problems. Skender, a resident of Vlora, says, "We want the government to establish tranquility and order to guarantee safe and free movement of people. With its policies now, the government is ruining our family economy and is dividing us from each other. Why does the Albanian hate the Albanian? Just for daily bread."

III. INCOME AND SUSTENANCE

The focus groups, interviews, secondary research and household questionnaire identified a number of economic, social, and political characteristics that are common to every study site. In each site, the typical household earns just enough income and/or produces just enough food on its land to support itself. Very little is left to save for future difficulties or to invest in a productive business. Some are doing better and say they are living well, while others borrow money or sell their assets to feed themselves but remain hungry. The typical household also has multiple sources of income and sustenance – a full-time salaried job or casual work supplemented with income or production from their land and/or remittances from migration. Some receive pensions, and about 20 percent receive economic assistance from the government. Employment is often part-time and/or temporary. For most families, household items such as televisions and refrigerators are either left over from the Communist period, or obtained through income from remittances or a business. Strong social capital in the form of family networks and close neighborly ties is instrumental in helping families cope with poverty or stay out of poverty.[8]

Some families feel they are better off now than under Communism, while others feel conditions have worsened. Many whose lives have improved say it is due to emigration and the resulting remittances. Fatos of Saranda says, "Most of us here are Greek. I have six in my family but it is only me and my wife now because the kids have emigrated to Greece . . . It's like that for all of us . . . we live a normal life. Our economic situation is better than 10 years ago . . . we live in the same old building but our way of living has changed a lot . . . . We all have domestic appliances . . . . Emigration has improved our standard of living and greatly changed our lives." The following exchange of opinion summarizes the split heard in many of the focus groups: Jozefina says, "Things were better under Communism than they are today, because then at least we had a job." But Luiza disagrees, "Today, life is better. At that time it was difficult to find an apple or to keep your soul alive, while today we have the opportunity to find everything."

The typical Albanian household owns a home and some household goods such as a television, a refrigerator, an oven, and a radio. About half of households own some land, with the median landholder owning about five dynyms.[9] Widespread home ownership and significant land ownership are very important to their standard of living. Almost all income is spent on basic necessities, and very little is left over to invest or purchase major items. As a result, a significant number of people say they are not getting enough food to eat, do not earn enough to clothe members of their households, or have difficulty maintaining their homes. Only a small percentage of respondents own cars or additional land. Unemployment is high, and many who are working have only part-time employment. Job turnover is also high, indicating considerable instability of income for those who are working.

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[8] For a definition and explanation of social capital, see Annex 1. For a detailed discussion of social capital in Albania, see Chapter XI.

[9] A dynym is 1/10th of a hectare and covers 1,000 m^2. See the glossary for a definition of this and other terms.

Employed But Barely Coping

"We are all employed in state-run institutions . . . The economic situation is not good . . . My family has five members . . . none of us has a second part-time job . . . .Government employees along with pensioners are considered the poorest of the population . . . Income from the monthly salary is almost insufficient to cope with life's problems. . . I cannot afford to buy a washing machine . . . Living conditions are not much different than in the past . . . but food is better and more plentiful than before . . . Some people have family members who have migrated and send money back home . . .Emigration is the most important source of income for families in Ballsh. Without it, the economic situation would be catastrophic. . . Those 18 to 28 years old emigrate . . as soon as they complete school . . . . Some go with their families. . . . Some people have built new houses with their income from emigration; only one person in town has invested in production.." – Luftim, a head of household in Mallakastra

Inadequate Income

Many households earn or receive just enough income and/or grow enough food to survive. This finding is supported by the Albanian Human Development report,[10] which notes that "the average income is half of the minimum income considered necessary to live." Teodor, an employed household head in the city of Maliq, Korca discusses his family's condition living on his income. "Economic conditions are difficult even though I have a job. I live in a one-room house . . . with very old furniture, and I cannot buy new furniture because of my low salary. We can hardly survive on my monthly income . . . . We buy food on the list often . . . .We eat better now than under Communism, when we could scarcely provide milk for the kids. There are still families that cannot survive on their income and they give their kids yogurt and bread."

As Table 2 details below, only about 19 percent of respondents' expenditures go toward entertainment or other items (4 and 15 percent, respectively). Forty percent of expenditures covers food and clothes, about 30 percent covers rent and utilities, and 7 percent goes to healthcare and education. Total monthly expenditure averages L27,321, which represents about $462 per capita annual expenditure.

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[10] Çabiri et al (2000). Their *Albanian Human Development* study carried out for UNDP provides statistical data on such issues as economic security, social insecurity, emigration, and migration within Albania. It also discusses the historical causes and sociological impacts of each type of migration. Its findings on emigration support the findings in the "Remittances and Migration" section of this qualitative assessment.

[11] "It is claimed that the average income is half of the minimum income considered necessary to live." Ibid.

Table 2
Median Expenditure of Households Each Month

Item	Amount (Lek)	Percent of Total Expenditure
Food	9,655	35.3
Rental of house/land	4,700	17.2
Other	3,976	14.6
Utilities	3,710	13.6
Clothes	1,200	4.4
Social	1,080	3.9
Healthcare	1,014	3.8
Education	1,000	3.7
Transportation	986	3.6
Total	27,321	100

Note: Caution is required in use of this data, which are an average of information for 460 households in 10 study sites, and represent estimates given by households. L27,345 is US$192.57 at the approximate current exchange rate of L142:US$1. This monthly income equals US$2,311 annually per household, or $462 per capita with an average of five persons per household.
Source: Authors' compilation.

The data also indicate that a typical household earns just enough to cover expenditures on basic household necessities. Table 3 below shows that per capita annual income is roughly about $340, about 25 percent less than per capita household expenditure. Under-estimating or under-reporting income is typical for households in socioeconomic surveys for several reasons, including the difficulty in recalling all income from a variety of sources, and the fear by some of divulging to a stranger the amount of income they have. Additionally, the table does not capture non-cash income, including home-grown food and other homemade necessities.

Table 3
Median Amount of Income by Source

Income Source	Household Lek/month	Household US$/month	Per Capita Annual Income (US$)	Percent of Total Income
Non-agricultural unsalaried employment or business	9,454	66.58	159.79	46.7
Salary	4,176	29.41	70.58	20.6
Agriculture	2,407	16.95	40.68	11.9
Economic assistance and pensions	2,178	15.34	36.82	10.8
Remittances/gifts	1,814	12.77	30.64	9
Other	204	1.44	3.46	1
Total	20,233	142.01	341.97	100

Note: Exchange rate of L142:US$1. The average size of a household in the sample was 5 persons. Caution in using this data is required -- data are an average of information for 460 households in 10 study sites, and represent estimates given by households.
Source: Authors' compilation.

A significant proportion of respondents say they do not get enough food to eat. The typical respondent eats bread every day; eggs and milk on most days; other dairy products (cheese, butter), fruit, and vegetables about every other day; and meat, rice, and pasta only about two days a week. Items that many households produce themselves are eaten more frequently (eggs and dairy products), while items that most households purchase are consumed less often (meat, rice, and pasta). The average household does not eat excessively, so it is not surprising that people near the bottom of the socioeconomic ladder (about 29 percent of those asked) say they are not eating sufficiently.

Multiple Sources of Income

As the focus groups, interviews, and Table 3 above indicate, households receive most of their income from five sources – a business they own (which can range from managing a successful bar to weighing passers-by on a household scale for money), salaried work, agricultural production, government economic assistance and/or pensions, and remittances from migration. Many households have at least one person who earns a salary (frequently a government job), grow agricultural products on their small plots of land and sell a portion of the production, and receive remittances from a household member who has migrated to a larger city or foreign country. Some households simultaneously operate a business. Economic assistance appears to be as significant as agriculture as a source of cash income.

These sources are inter-related. When income from one area is shut off, the family tries to access another source. Just after the revolution, industry and agriculture were the only major sources of income. But as the reforms proceeded and unemployment increased, households began looking for alternatives. Migration and emigration increased dramatically as local conditions worsened. When the government approved and implemented economic assistance programs such as *Ndihme Ekonomike,* households had another income alternative. As unemployment continues, as agriculture stagnates, as the value of social insurance programs decreases, and as emigration becomes tougher to manage, many households attempt to tap all of these income sources simultaneously.

Old and Deteriorating Housing and Other Assets

The study found that households in the 10 study sites enjoy a significant number of assets, in large measure derived from the redistribution of property in the early 1990s. About 90 percent of households own their own home, which typically comprises two rooms covering 63 m^2 of floor space. Most homes are made of brick (63 percent), stone (25 percent), or cement (7 percent). A small number of the remaining five percent of homes, usually made of wood, have collapsed, leaving their inhabitants homeless. Zef, an elder in Gramsh, describes the bad situation of some families with wood houses in his community. "There are six families in the village whose houses are almost destroyed and they almost sleep under the open skies. They have no possibility of constructing new houses because they are unemployed and receive no economic assistance whatsoever. These families can hardly feed their children."

Although widespread home ownership is a major safety net, many houses are small, very old, and dilapidated. Dissatisfaction with housing conditions occurs in both rural and urban areas. A farmer, Genc, describes conditions for some in his rural village in Kurbin. " My house is very old and dilapidated. No one has built a new house in the village. . . . I know some families that sleep five or six people in a single room. Most of us have one room and a kitchen." Aferdita, who lives in a municipality of Tirana, describes conditions there. "The economic situation of families is not good. We live in flats that were built 40 years ago . . . we have two rooms and a kitchen . . . .There is no space for anyone. I have four children over 16 years old who sleep in one bedroom . . . .I have no chance to buy a new house. . . . My husband's parents live here also. "

About half of respondents have access to land (about 46 percent own land, about four percent rent it, and about five percent use other people's land gratis). Most landowners raise some chickens (median ownership of 10 chickens) and have a cow.[12] According to the focus groups and interviews, and as detailed in the next chapter, land is a very important source of food for many and a source of cash income for some.

Ownership of some consumer durable items is also widespread. Most have televisions, refrigerators, electric ovens, and washing machines. Ownership of these items is not necessarily a sign of improved income generation after the transition. Some households obtained these items under Communism, as did Guri, a resident of Kurbin. "All the house furniture is from the Communist time. Now I cannot even buy a new dish." Others procured their household equipment in the initial stages of the transition. Preng, a resident of Mirdita, describes his conditions during this period. "I used to be a good student but I could not continue my studies. When democracy came to our country I was mulling over getting rich. I started to deal in Lushnja because my sisters were living there. They were married in that city. At the beginning I could buy a tape recorder, then a TV set, and all the furniture the house needs. . . . I put the rest of my money in the bank." A significant number of people who purchase household items say it is possible because of migration and remittances. A resident of Mallakastra, Erion, says, "All of our sons help us. They sent us money, a TV set, and a washing machine. Thanks to them we can make a living." A priest in the Voskopoja commune in Korca also obtained a significant number of household goods from an emigrant son. "My oldest son is married in Greece, one is working in Korca, and the other is attending school. When my son came back home to complete his military service, he brought his savings home and thus we bought a water boiler and TV set and added a new bathroom."

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[12] The data indicate that even nine percent of urban dwellers raise chickens. About two thirds of peri-urban residents and 90 percent of rural residents raise chickens. About half the peri-urban residents and 70 percent of rural residents have at least one cow.

Table 4 below shows the ownership rates for various household items and the median quantity owned.

Table 4
Ownership Rates of Household Items

Household Item	Percent of Households Owning the Item	Median Quantity of Item Owned
Bed	98.9	3
Television	90.7	1
Refrigerator	83.5	1
Radio	65.4	1
Oven - electric	61.5	1
Oven – wood	59	1
Washing machine	54.1	1
Stereo	36.2	1
Satellite dish antenna	29.5	1
Telephone – fixed line	23.4	1
Sewing machine	21.5	1
Bicycle	16.3	1
Oven – gas	13	1
Car	9.3	1
Telephone – mobile/cellular	8.8	1
Computer	3.8	1
Oven – microwave	3.6	1
Motorbike	3.37	1

Note: Caution in using this data is required -- data are an average of information for 460 households in 10 study sites, and represent estimates given by households.
Source: Authors' compilation.

Indicative of the small amount of space in many homes, the typical household of five appears to sleep two people per bed. Televisions, refrigerators, ovens, and wood stoves are widely owned, and more than half of households own radios and washing machines. About a third have satellite television and similar numbers have telephones. About 70 percent of respondents have difficulty obtaining household goods, maintaining items they have purchased, or purchasing larger items. Only 16 percent own a bicycle, and about 9 percent own a car.

Unemployment and Unstable Employment

As indicated by the focus groups and interviews, unemployment is high, and those who are working have less stable jobs than before the transition and are experiencing significant under-employment.

Unemployment in Gramsh

"There are five of us in my family – my wife three children and me. We live on economic assistance, about L3,000 – 4,000, which we get once a month. I used to work in the steel plant 10 years ago, but it closed down at the beginning of the transition period and I was sacked together with the rest of the workers. . . . My wife has also been unemployed for the last 10 years. . . . I emigrated several times and with the little money I earned from it we have managed to survive. But now emigration has grown too difficult because of the intense Greek police patrols. I try to find work here but there is nothing I can find. I have even gone to Elbasan to find a job there. But even if you make L1,000 in a day you still have to waste half of it traveling back home. Sometimes the municipality has offered us some help. I think that we were better off 10 years ago because we ate better food than now. Economic difficulties are big but nobody can offer help. Sometimes I ask for a loan from my relatives in Gramsh. I am too much in debt and the economic assistance is too little. It is ridiculous." – Bilal

Forty-seven percent of working-age people[13] say they are currently working, and 53 percent say they are not working. Such work includes full-time salaried positions (35 percent), those running a business (23 percent), or those working part-time (42 percent). Most of those working are employed in the private sector (51 percent), while 36 percent work for a government agency, 9 percent are students, and 4 percent consider themselves retired. It is likely that most of those who are full-time salaried employees work for a government agency.

Consistent with the large proportion of people who have part-time or temporary work, job turnover is high. For those now working part-time, all had a full-time job within the previous year, and 75 percent had that full-time job within the previous three months. Of those former full-time employees who currently are working part-time, 67 percent had one to three part-time jobs since they last worked full-time, 23 percent had four to six part-time jobs in the same period, while some had worked as many as 10 part-time jobs since last being employed full-time. The part-time work is oriented toward very short-term work. In contrast, before 1990, nearly all who were working age at the time say they worked in full-time salaried positions – worker (38 percent), cooperativist (32 percent), clerk (23.6 percent), technical/engineer (4 percent), or military (2.4 percent).

The lack of stable employment brings insecurity. Even if a household generates sufficient income for a time, the uncertainty of future income produces strain and anxiety. The uncertainty forces those who are lucky enough to save money to limit or withhold investment. Leonard in

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[13] Sixteen to 65 years of age.

Shkodra describes his household's uncertain situation. "All men in the village try to find any salaried work they can get. But they survive only with occasional work and using their land . . . . I have a cousin in town who owns a car and I work with him. . . It has been two months now that I have worked with him, but there is no guarantee it will continue. I get a salary of L9,000 a month, which is not much, but not bad compared to others in the village . . . . If I can have this salary guaranteed I would live very well because my wife could work with livestock and I can bring money home to buy necessities."

IV. AGRICULTURAL ACTIVITY

Agriculture historically has been the largest sector of Albania's economy and occupies a very large proportion of Albania's labor.[14] Official statistics indicate that the sector produces 50-55 percent of Albania's GDP. Regardless of its actual share of GDP, land is a very important safety net for about half of respondents. As addressed in the previous chapter, landholders without significant sources of income depend on agricultural production for their own food.

But rural Albanians and farmers face the same difficulties that confront Albania as a whole – dilapidated infrastructure, weaknesses in health and education, and inadequate governance and government services. In addition to these – and in some cases, because of these -- Albanian farmers face other problems that make it difficult for them to generate income. The sector is unable in some instances to compete with cheaper, often subsidized imports of foodstuffs and food products from other European countries. The most important problems conspiring against increased agricultural production are land distribution, irrigation, and marketing. Land is fragmented into very small, dispersed plots, some of which are being abandoned. In many locations, needed irrigation works are nonexistent or damaged irreparably. Farmers have great difficulty reaching markets and, in many cases, market facilities do not exist.

These problems impact households differently, creating three types of agricultural households – commercial farmers who sell most of their production; households with multiple sources of income that cultivate mostly for family consumption but also sell some production; and farmers who have a very difficult time supporting their families. Commercial farmers sell most of their production and often earn enough to invest in their farms, and intensify, expand, and diversify production. Their production systems comprise vegetables, vegetables/potatoes, livestock/forages, fruit trees/olives, vineyards, and grains/livestock. They enjoy well-established partnerships with marketing agents and frequently are involved in riskier, higher-profit businesses. Socially, they dominate their locales and are the chief promoters of social life. They may represent five to15 percent of farmers.

Multi-income farmers support family consumption with their production and have some left over to sell to others. Their dominant production systems are grains/vegetables/livestock, vegetables/livestock/forages, and fruit trees-olives/grains/livestock. They access markets primarily through marketing agents, but earn income from a variety of other sources to supplement agricultural activity. The majority of farmers (50 to 70 percent) fall into this category.

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[14] The findings in this section are supplemented with information from the "Social Assessment for the Albania Agricultural Services Project" (De Soto et al 2001a). The findings of the Social Assessment confirm many of the findings of this report.

A Multi-Income Farmer

"I own 20 sheep. . . . If I can provide them the necessary food and nutrition, they can give birth twice a year. We get one kilogram of milk every day from each sheep. I sell the milk for L50 per kilogram and I keep some for my family. I have a cow and 10 dynyms of land, which I cultivate. I sell lamb. My son is a plumber and when he gets a job he may earn as much as L20,000 per month. Income from agriculture is L5,000 – 6,000 monthly. When we have any problem with our sheep, the veterinarian comes to see them. He comes also to vaccinate all the animals. I have sheep but I would like to have much more. This is not possible because the land area is not sufficient, so we need to invest in some more. My eldest son is on emigration and helps us a little bit. I cannot make a good living with my income. I am considered average in the village. The other families more or less have the same living and working conditions. The land here was distributed per capita. Without emigration we would be in a hell of difficult position." – Nicu, a shepherd from a Mallakastra village

The poorest farmers may comprise between 10 percent to 20 percent of rural households. They do not produce enough to support family consumption and have little capability to improve production due to poor quality land, lack of resources and little or no access to markets. They are located primarily in remote areas.

A Poor Farmer

"I consider myself unemployed because I do not make any money. From the land I get only a part of what my family needs. . . we eat everything and have nothing left to sell. . . . The land does not fully support us because the cost of services such as irrigation and fertilizing is much to expensive and I cannot afford it. But even if I could produce more than we eat and had something to sell, the market is filled with agricultural production from Montenegro, and the prices for this produce are lower than my cost to produce it. . . . Land area is very small and we cannot profit from planting and selling." – Sabri, a farmer in Shkodra

Small-Scale Agriculture

The land reform initiated in the early 1990s was fairly efficient and resulted in the relatively equitable distribution of land from government control to most of Albania's rural households. Because of this equitable distribution, landholdings in rural Albania are fragmented into plots that are usually too small and frequently distant from the household. Some plots under cultivation are of poor quality. Others are abandoned by families who emigrate and leave their land to become unproductive. Consolidation of small, fragmented plots of land into larger, contiguous, and more productive agricultural fields is occurring, but slowly. The widespread holdings of small, fragmented land parcels is likely to continue at least in the short to medium term.

Land ownership has changed dramatically in the 1990s. During the Hohxa years, state-owned agricultural enterprises and agricultural cooperatives prevailed. These grew in size over the 1950-1987 period. The average enterprise grew from 668 to 2,343 hectares, and the average cooperative grew from 245 to 1,272 hectares. The increasing concentration of more land under each enterprise and cooperative was done without much consideration for territorial unity, differences in climate and soils, or labor practices. Further, during the period, agricultural equipment was allowed to deteriorate in favor of increased use of labor. By the 1980s, agriculture had stagnated.[15]

A principal objective of Parliament's land reforms, which began in 1991, was to redistribute lands of state farms and cooperatives to individual households. As a result, more than half of respondents have some access to land, and 90 percent of rural households own at least some land. This widespread landholding is a major safety net, enabling households to support themselves despite high unemployment and few alternative sources of income. Kristo, a household head in a Saranda village, says, "We just meet our daily needs with our land. By land I mean the yard or any parcel of land that we can plant. We use agricultural and livestock products provided from our own yard for family use. We do not trade wheat or maize or any other agricultural products,. but give it to the livestock. . . . The villagers collect milk, prepare cheese, and give it to their children. They are not interested in selling to traders because prices are so low. . . . There is no need to produce more than one consumes."

However, the land reform has also caused significant problems. In some cases, farmers seized the property that their families owned before land was nationalized by the Hohxa government. Luan, an elder in Kukes, describes his seizure of land, "There are also conflicts in the village which are the result of old feuds, conflicts related to property issues because the people have not received the lands that they had before. Those my age remember when we had our land, and this is the reason that people of my age do not have such disputes. Our parents are from this village and even before Communism, agriculture was a family tradition. We have received back all our land, and used the Canun to divide it."[16]

A minority of people did not receive land during implementation of the land reforms because their families did not own land before the 1945 agrarian reform, or their family's pre-1945 land was no longer available (for example, the lands flooded by the creation of Fierza Lake in Kukes). At the other extreme, some who seized their old land took more than was permitted by the law. Therefore there have been some conflicts over property boundaries; between the pre-1945 owners of a land parcel and those that received the land under the 1945 reform; and between those owning land due to the 1945 law and new, post-1990 owners. Skender, an established resident of a Shkodra village, worries, "Our relations with the new inhabitants are good so far, but there are cases of sporadic conflict where the mountain people intimidate landowners to gain more land. I am afraid that the rule of the jungle will prevail in this village in the future. I say this because newcomers consider us foreigners and pressure us by saying, 'This village is not yours anymore because most of you have gone to Montenegro, so you have to go too.'"

Some landholders feel that land redistribution was unfair to them. While some people were losing land to former owners, others benefited from connections they did not enjoy. For example, some people with connections to the agricultural cooperatives may have received more land than others. As Ferdinand from Shkodra puts it, "The law for dividing land was not fair and left many families without any land. . . . Under Communism, the land in Postriba was controlled by a state farm. When the land law was approved, land was divided according to the number of people in a household – peasant families took one to three dynyms per family member, while those who worked on the state farm got two dynyms per person . . . and they got their land by taking it from the peasants."

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[15] De Soto et al (2001a).

[16] The Canun is a set of rules formalized by Lek Dukagjini in the 1400s. These rules were used primarily in the interior areas of current-day Albania, but withered under Communism. They have once again become important for governance in some areas, particularly in mountainous northern prefects.

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The land reforms also created land plots that are too small and scattered for the most efficient farming. A typical landowner holds five dynyms of land, or about one dynym per person in the household. Bilal, a farmer in Kurbin, notes, "Families comprise an average of six or seven members. They have only a very small amount of land among them, perhaps 300 square meters per person." A landholder in Gramsh, Dashamir, says, "I own six dynyms of land, but only three dynyms are arable. Land is divided into small pieces. My land is spread over five different areas."

The fragmentation of land plots was caused by several factors. At the time of land reform, the land was already fragmented. Under the Hohxa regime, individual farmers were given plots of one dynym to supplement their existing one-dynym backyard plots, and land of the agricultural cooperatives was divided among households. Demographic trends and land inheritance practices fragmented landholdings further, as the population grew and more household heads divided their land among several children. Maria, an unemployed woman from Upper Peroi in Mirdita, remarks, "Land is divided into small plots. Each family has not more than a dynym of land, on average. Some families that have four dynyms of land but when the children grow up and have families they get a piece of it, so the amount of land is reduced to one dynym." The land reform laws compounded these trends because land was distributed according to the number of members of a household, and some districts have more people and less land to divide up than others. Zihni, from a Mallakastra village, observes, "Land was distributed according to the number of people in a family. Actually, the largest part of the land is not being tilled. Each family received about 1.2 dynyms of land, instead of the three dynyms that were foreseen, because the largest portion of arable land previously owned by village families has been occupied by the oil processing plant."

Actual implementation of the land reform added to the fragmentation problem. Under the law, commissions were established to redistribute land, considering factors such as land fertility, irrigation, geographic location, land-use patterns (crops, horticulture, olives, and vineyards), and proximity to residential areas. The complexity of this undertaking inevitably involved a number of compromises. Higher-quality land was separated from lower-quality land and, in the interest of fairness, many households received both, usually in different locations. But some households received only poor quality land. Pal, a veterinarian from Vraka village in Shkodra says, "We have 12 dynyms of land but it is not arable. We have only one cow which produces one kilogram of milk, which is not even enough for my family." Some families received so little quality land that they abandoned their holdings altogether. As described by Genc, a new arrival from Mallakastra, "We came here after 1990 and began using the land left behind by some who went to Montenegro. But the land is not arable and we cannot produce much with it."

Experiences in other countries of Europe and Central Asia indicate that farming on small and fragmented parcels of land does not condemn farmers to inefficient production. Some farmers can produce efficiently with small landholdings. However, the landholders interviewed for this study feel that such distribution of land has major disadvantages. Land plots are too small to use expensive mechanized agriculture efficiently. Land plots are too far away (100m to 3,000m from a household), causing increased transportation costs, increased irrigation costs, and difficulties in establishing and managing farmer associations. Zef, a farmer from Gramsh, complains, "For irrigation, one must pay L1,500 to L2,000 per hour to sprinkle his own piece of land. So, for a dynym it is necessary to spend at least L15,000, which nobody in the village can afford. Also, people will never join their land together to form another production organization. These organizations remind me of the old agricultural cooperatives, where we worked too hard and were paid too little. Also, the lands are divided into very small parcels, which makes it difficult to join the pieces together."

Consequently, a significant number of farmers are seeking to obtain more land or divest themselves of their landholdings. Migration out of rural areas is driving some of the land divestiture. As Mark, a farmer in Mirdita, describes it, "There is a movement of the rural population toward urban areas. The poorest families, in particular, move away to search for a better life. This movement requires money, which they get by selling their livestock and land, and through emigration." About a quarter of landholders have consolidated their lands, most with their extended family (brothers and sisters). But elderly people are selling land outside of the family because emigration of youth from rural areas leaves no one to assume responsibility for it. A resident of Vraka village in Shkodra, Pjeter, observes, "When people from our ethnic group left for Montenegro they sold their lands and any other property to Albanian families that came from the remote mountainous areas."

There are a number of options to facilitate continued consolidation of Albania's land – simple sale of land, land rental, land exchanges, use of farmer associations and cooperative farming, and establishing government incentives to consolidate. Landholders says they have considered the sale, rental, or exchange of their land. However, about 40 percent of landholders say they would not engage in any type of land transaction (selling, renting, etc.), 20 percent say they would not sell their land, and about 15 percent are not sure.[18] For households, fewer than five percent of household respondents are renting out land plots, and only 11 percent are considering it.[19] Households are able to feed themselves with their land, which is seen as less risky than trying to find and keep a job. People also do not believe they can receive a fair price for their land. A landowner in Mallakastra, Teodor, notes, "Land cannot be sold . . . We rent it for L1,500 to L2,000 monthly . . . No one every pays more than L2,000 a month for it. . . . These people do not till the land but use it for feeding their livestock."

Households have strong family ties to the land, and some want to alleviate overcrowding in their small houses by building more homes on their parcels. After the collapse of the pyramid schemes and the general financial crisis that followed, land is seen as a much less risky way than cash to store wealth. Some people who move to urban areas sell their land, but others keep it rather than save or invest money in a financial institution. Llesh, a household head in Mirdita, says, "Villagers do not sell their land because the price is too low. Even families that abandon the village keep their land and lock the door of their house."

These factors make it more difficult to determine the appropriate value of land, a necessary precondition for land transactions. About 28 percent of households feel they do not have enough knowledge to sell their land, and an additional 32 percent do not know whether their knowledge is sufficient. Sixty-nine percent of those contemplating sale of their land know about the land market law,[20] which makes them very cautious in deciding whether to put land up for sale. Finally, those who want to sell their land must deal with Albania's relatively undeveloped capital market, which precludes many from obtaining the loans needed to transact land. Many land transactions are facilitated primarily by trust among extended families. The importance of trust in facilitating land consolidation may be due to the lack of knowledge about the process, as described earlier. Enver, a landholder in Tirana, notes, "There are a lot of families coming from northeastern parts of the country, mainly from Puka and Kukes. Their relatives host these families but there are also some others who have rented . . . very small parcels of land."

Farmer associations can be a vehicle for land consolidation by establishing cooperative ventures. About a fourth of landholders say they believe people in their village are willing to

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[17] Albania GPRS QA household survey data.

[18] De Soto et al (2001a).

[19] Albania GPRS QA household survey data.

[20] Ibid.

participate in agricultural production cooperatives, while about 40 percent are not sure.[21] Many farmers say the term "cooperative" is pejorative due to the involuntary participation of farmers in state-run cooperatives during the Hohxa years. A farmer in Gramsh, Ndrec, adds, "I do not want to unite my piece of land with my neighbor's because his piece of land is far from mine, and besides the parcels are too small and, after all, this is all fruitless."

Resistance to Associations

"Recently there has been discussion to join together some farmers who would cultivate one type of crop, but still there is no clear concept about such organizations even in a small village. Thus, there have been only discussions but nothing specific or concrete. This is due to the mentality of the villager who finds it difficult to accept the unification of land and agricultural activities to create a farm. I think that it is necessary for the farmer to get to know experiences of various developed countries in this respect, I mean in such organizations of agricultural work. In one case where I was present myself, when a seminar by a women's organization was being held and someone tried to present the experience of the small cooperatives in agriculture, there were individuals who left the meeting hall in sign of protest because they considered this view as a return to the old times of the socialist agricultural cooperatives." - A member of parliament representing Gramsh prefect

Irrigation Difficulties

The lack of irrigation suppresses agricultural production significantly. The entire economy of some villages has stagnated without dependable water. As a leader in Korca asserts, "This summer will be most difficult for agriculture because there is no irrigation water in our area." Land in areas that are irrigated can make a significant difference in income for some families. A farmer in Bardhoc Village of Kukes says, "We own land – four dynyms and 800 meters – but much of it is not irrigated. The little piece of land that is irrigated we plant with vegetables and it is our main source of income."

Rural areas are affected by four main irrigation-related problems. First, much land is on rough or steeply inclined terrain, making installation of irrigation works difficult and pumping water too expensive. Dalip, an elder in Gramsh, describes conditions in Cingar village: "This is a poor village because lands are in very sharp mountainous areas where there can be no irrigation system. In general land is not cultivated, but even those few pieces of land that are cultivated are planted with seeds for feeding animals. Modern agricultural means cannot be used on this land."

Many locations had irrigation works that were destroyed or fell into disrepair. The land reforms in the early 1990s unintentionally gave people the opportunity and incentive to steal parts of the irrigation system from agricultural cooperatives and other organizations to use for themselves. If a few tires or a pump were taken, the entire system often would not work. Additionally, lack of general maintenance degrades many systems, which fall into disrepair over time. Pandeli, an elder in Liqenas village of Korca, asserts, "All the inhabitants of this area were given agricultural land – two to five dynyms per capita. This land cannot be irrigated because the irrigation system that was built before was destroyed during the land distribution." Consequently, by 1997 many of the systems were no longer working. And in the chaos and rioting of 1997, people destroyed many of the irrigation works that still functioned. Petro, a farmer in Lukova village in Saranda laments, "The old orange trees do exist, but they produce nothing for us because of lack of irrigation. The existing irrigation system was destroyed."

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[21] Ibid.

In some of the cases where irrigation works are still functioning, they are overwhelmed by demand and cannot service farmers adequately. Teodor, a commune member in Saranda, says, "There was a time when there was water for irrigation. Due to the intervention of newcomers in the main pipe that supplied the village, there is no more water." In some cases, water supply is rotated among different portions of land to provide everyone water, but it is done in a way that greatly displeases some. Kol, an elder of a fis in Mirdita, reports, "We have problems with irrigation. . . .The fis has a certain day to use water and its exploitation is done according to the old rules. . . . When we had a murder due to water-related discords, the criminal was sentenced by court . . . . Water for irrigation is a . . . . problem." But in northern areas, the close cooperation within a fis can enable more productive use of scarce water. Jemin, a teacher in Kukes, says, "Under past political systems, the fis took care of all its members and the government did not interfere. This tradition continues even now in some forms. For instance, when it comes to the irrigation of agricultural lands, the fis members join together to find a way out."

Irrigation is also too expensive for many farmers to use, particularly those at the bottom of the socioeconomic ladder. Myslim, a farmer in Drisht village in Gramsh details, "The main problem for the village is the lack of a chance to irrigate land. In fact, the village has a water pump that may be used for irrigation. But to use it is very expensive, about L10,000 to L15,000 per dynym. Families cannot afford this. If I had any say, irrigation would be the priority investment for the village." Water user associations are being formed to manage water supplies, including making its use sustainable – i.e., providing it at cost, which means increasing prices. Many farmers cannot yet afford the increased cost of irrigation water and, therefore, are not producing at all. Ramadan, a farmer in a Shkodra village, complains, "The cost of land combined with the cost of services such as irrigation is too expensive, so none of us has any possibility to plant."

Reduced production, incomes, and daily food supplies are not the only consequences of irrigation problems. Irrigation water shortages are also catalyzing disputes in some areas, and some of these disputes turn violent. The subsequent discord and distrust is affecting all affairs of some villages, amplifying a smaller problem into one that is much larger. As the elder in Mirdita, Preng, recounts, "We had a murder due to an irrigation-related disagreement. The criminal was sentenced by the court, but the committee of elders told him also to pay L20 million as additional punishment. If the criminal has no money to pay the fee, then he would be killed. The fee depends on the issue and on how the events happened."

Marketing-Related Problems

In addition to problems of land and irrigation, Albanian farmers face two additional sets of obstacles in making agriculture a reliable source of income. The first are a set of difficulties that most Albanians face and which are addressed throughout this report – inadequate infrastructure, lack of public security, educational and healthcare impediments, and governance shortcomings. The second set of obstacles is more specific to agriculture – lack of access to profitable buyers of agricultural products, a dearth of processors, few organizations such as associations and cooperatives to organize marketing, scarce storage and market facilities, and lack of adequate roads to get products to markets.

As a result of these factors, most agricultural production is consumed by its producers or sold close to home. Virtually no agricultural production is exported. A majority of crop and livestock production that is marketed is sold on roadsides, at local markets, or to nearby villages. As one farmer from Shkodra, Mark, dreams, "I have an opinion. Germany must take Shkodra under its patronage. Italy must take Durres under its patronage, and so on. Here we produce onions, tomatoes, peppers, etc., but there is no market to sell them."[22] Table 5 below indicates that 50 percent of crop production is sold in or around the farmer's own village. All tobacco and about two-thirds of fruit marketed by farmers is sold locally. Items that are less perishable than fruit, such as wheat, potatoes, and beans are more likely to be sold in the central district.[23]

Table 5
Location of Crop Sales (percent)

Type of Crop	Local Market	Roadside	Village	Other Village	Central District	Other District	State Enterprise	Direct to Purchaser
Fruit	27	28	8	0	30	1	1	5
Tobacco	18	76	6	0	0	0	0	0
Vegetables	20	14	12	2	45	4	0	3
Grain	20	0	23	8	46	1	1	1
Total	21	15	14	3	41	2	1	3

Source: Authors' compilation.

Table 6 below indicates that half of livestock sales are local, while half are to other villages and districts, or to state enterprises and purchasers. Hogs and sheep are more likely to be sold locally, while goats and poultry are more likely to be sold to district markets or state enterprises. In contrast to livestock sales, most cut meat is sold locally (no farmers reported processing goats, turkeys, ducks, or geese). Except for chicken, a large proportion of cut meat is sold at the local market. Most byproducts are sold locally but a significant proportion is sold to other districts or state enterprises, or directly to purchasers. It appears that the more difficult it is to transport and store/cool meat products, the more likely they are to be sold locally.[24]

Table 6
Location of Livestock-Related Product Sales (percent)

	Local Market	Roadside	Village	Other Village	Central District	Other District	State Enterprise	Direct to Purchaser
Livestock	21	14	17	1	0	35	10	1
Processed meat	73	3	11	0	1	7	2	3
Byproducts	33	1	22	1	0	21	12	9

Note: Livestock includes cattle, sheep, goats, hogs, chicken, turkey, ducks, geese, horses and mules. Processed meat includes cattle, sheep, hogs, and chicken. Agricultural by-products include milk, butter, cheese, curd, wool, eggs and honey.
Source: Authors' compilation.

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[22] Focus group of GPRS QA.

[23] De Soto et al (2001a).

[24] Ibid.

Lack of Processors and Associations

The principal reason for the limited distribution of agricultural production is a lack of organizations and institutions, including agricultural processors and cooperative associations. Eduart, a farmer in Gramsh, observes, "Before the 1990s there was a unit that processed fruits and vegetables which employed 900 women. It was privatized but could not cope with market competition and went bankrupt. Gramsh is a pocket town, without any outlet to other districts in the country." This lack of organization throughout all segments of agriculture – input supply, production, processing and marketing – prevents farmers from producing and marketing competitively. Like Eduart, many farmers favorably compare the state-run processors and distribution systems of the 1980s with the existing dearth of processing and marketing organizations. To them, privatization and reform have not yet produced an agricultural marketing system that is better than what existed before the transition.

Table 7 below shows that the vast majority of production is sold to local wholesalers and retailers or to markets in Tirana. Private processors buy a significant proportion of grain (29 percent) and tobacco (20 percent), but most of this production is still sold to market places. A similar pattern exists for livestock and animal byproducts. State processors, trade coops, and consumer coops play no role in product distribution, and exports of livestock-related products are minimal.[25]

Table 7
Purchasers of Crops (percent)

	Wholesale/ Retail	Private Processors	State Processors	Trade Coops	Consumer Coops	Tirana Market	Greece/ Italy
Fruit	60.8	9.8	0	0	0	29.3	0
Grain	48.5	29	0	0	0	22.5	0
Vegetables	86	0.4	0	0	0	9.8	4
Tobacco	80	20	0	0	0	0	0
Livestock	53.1	0.7	0	0.	0	31.2	3.9
Livestock Byproducts	60.3	7.8	0	0	0	31.7	0.2

Note: Fruit includes water melon, melon, and grapes. Grain includes corn and wheat. Vegetables includes onions, leaks, olives, peppers, tomatoes, potatoes, and beans. Livestock includes cattle, sheep, goats, hogs, chicken, turkey, ducks, geese, horses and mules. Livestock By-products include milk, butter, cheese, curd, wool, eggs and honey.
Source: Authors' compilation.

As described in the following chapter, on industry and employment, most processing industries were closed during the transition, and many agricultural areas have no processor. In Korca, Kastriot believes, "The lake may be a good source of income for us. But the state has to help us find the market or build a factory to can the fish. We had such a factory before but now it is closed. The same can be done with fruit. We have plenty of fruit here such as grapes, apples, etc., but the village has no possibility to process them. Some families have capital but they do not risk investing their money for the time being. They have been using the money earned on emigration to build comfortable houses and buy cars . . . ."

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[25] Ibid.

Additionally, no farmers say they sell any crops to trade or consumer cooperatives, and only a very few farmers export products directly. A leader in Saranda with a strong background in business blames the lack of associations and cooperatives. "In some communes, like Maliq, Pojan, and others, horticultural farms are emerging. Their output is encouraging, but they still face several difficulties in finding a market for their products. For one thing, they can hardly compete with the low prices of imports. Although local producers have better products from an ecological point of view, they cannot find a market. I think it is time to create intermediate associations that can consolidate and market these products. It is indispensable that the producer is separate from the trader. . . . We must work hard to fund this form of organization through start-up credits and introduction of modern production and marketing techniques."

Lack of Marketing Infrastructure

The use of local markets is indicative of the biggest problem facing those farmers – transportation. (Another major problem, farmers say, is the low demand for products, but this is directly related to their inability to reach markets where demand and prices are higher.) Forty-nine percent of farmers say transportation is their biggest marketing problem.[26] More than 75 percent of rural households walk to and from work, school, and shopping, while 9 percent use a bus and 5 percent ride bicycles. Only nine percent of rural households own a car or truck or have access to one owned by a friend.[27] Aleksander, the head of a commune in Tirana, says, "The economic and social situation of the residents is neither very good nor too bad. The situation in Bodino village is worse because it is far away from the market. The infrastructure here has decayed." A leader in Saranda notes, "There are a few communes oriented toward livestock. At first sight they seem to have bigger potential because they have a lot of land, but everything is left to chance . . . their products rarely reach the market because of the lack of infrastructure. Thus, they are transformed into natural economies. Some of them are obliged to move, abandoning these lands . . . . The mountainous area is . . . even more isolated and abandoned. The villages close to the cities are in contact with the market and can sell their products more easily." In farmer in Gramsh says, "Agricultural products don't yield any income for the villagers . . . because it is a long distance to town and we don't have the transportation."

The patterns of distribution described above demonstrate the need for facilities to transport, store, and sell agricultural products. Servet, a fisherman in Kukes, says, "There is a good market for fish . . . but we cannot sell much . . . in the market . . . because we need refrigerator and storage equipment." A leader in Korca asserts, "There are whole areas of land in our region that are not tilled because of the lack of market to sell the production." And when these obstacles are overcome, buyers, particularly wholesalers, can force farmers to accept lower prices by waiting for produce to begin perishing before making offers to purchase. This phenomenon is especially troublesome to farmers during peak harvest periods. Lack of storage facilities is an obstacle to farmers finding more lucrative markets and receiving competitive prices. In a village near Saranda city, a farmer named Remzi says, "We may sell milk in Butrint, but we must sell meat quickly in Saranda because there is no storage facility."

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[26] Ibid.

[27] Albania GPRS QA household survey data.

V. INDUSTRIAL ACTIVITY, EMPLOYMENT, AND INCOME

The industrial sector has long suffered problems that depress employment and income. Before the transition, official statistics indicated that unemployment was very low, but in reality it existed, and unemployment and underemployment increased with the privatization of industry, particularly primary resource and manufacturing enterprises. New industrial enterprises were not created quickly enough to employ many of these people. The 1997 riots hurt many businesses that had been established, and many foreign investors left the county altogether.

Mining and manufacturing enterprises are scarce throughout the country. The two major private-sector employers are services and construction. Employers in the service sector are mainly small, family-run businesses that do not create many new jobs. Additionally, work in the subsector tends to be casual, intermittent, and low wage. The construction industry has created more jobs, but most are also part-time, casual, intermittent, and low wage. The new jobs being created tend to provide little or no opportunity to learn new skills. Because of the closure of many industrial enterprises in the 1990s and the lack of new job creation, the government remains the single biggest employer in many locales, particularly in the northern areas that formerly were homes to state-owned industry.

Underemployment under Communism

The Albanian economy in the early 1980s began exhibiting the first symptoms of formal unemployment, which accompanied the hidden underemployment that had always existed in towns and rural areas. Due to continuing economic stagnation, unemployment grew throughout the 1980s. But official data painted another picture – one of full employment. The 1991 Statistical Yearbook of Albania states that 1.431 million people were employed in the state and cooperative sector – 707,000 in agriculture, 325,000 in the industrial sector, 239,000 in state administration (including education and health), 99,000 in construction, and 61,000 in services.[28] But an estimated 25 percent of the people employed in state-owned enterprises and cooperatives on the eve of the transition were redundant, unnecessary employees. Consequently, at the beginning of the transition toward a market economy, Albania inherited both unemployment and underemployment from the Communist period.

Industry Closings during Privatization

As reforms proceeded during the transition, unemployment grew further all over the country. A leader in Kukes estimates that, "About 30 to 40 percent of the available labor force is unemployed. Among the major factors leading to this situation is that after 1990, the mineral sector was totally destroyed. . . . Before 1990, the prefecture of Kukes had about 15,000 people working in the mining and mineral processing industry. The mine of Kalimashi was one of the biggest in the country, with about 2,500 employees, but it hasn't functioned for years."

In 1992, the Albanian government liberalized prices, ended subsidies of unprofitable enterprises, restricted bank credit, and opened the economy to foreign competition. These initiatives, which were necessary to make the economy competitive in the long term, deeply depressed existing industrial production. Some industries – extraction of minerals, metallurgy, equipment, chemicals, paper, and textiles, among others – could not compete and either closed or greatly reduced operations. A leader in Mirdita asserts that, "The district of Rreshen was one of the biggest industrial zones of the country until 1990. The copper enrichment industry and the mine included a considerable number of employees. The closing down of the mine and the ruining of the processing plant started gradually in the early 1990s until it was finally shut down and hundreds of workers became jobless, which they are to this day. Unemployment, which represents 38 percent of the active labor force, is one of the fundamental factors of poverty in this zone." Many public enterprises that were privatized were short of capital and expertise to manage in a suddenly free market, and they closed. By the end of 1992, 394,000 people, or 26.5 percent of the total working-age population, were unemployed.[29]

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[28] INSTAT (1991).

Simultaneously, the government implemented agricultural reform, which, as detailed in the previous section, created a large number of landholders who sustain themselves on very small and fragmented landholdings. The relatively large-scale production of agriculture rapidly became very small scale. Independent family farmers began to produce, but their small-scale production was a mismatch for the input suppliers and the processors, who were used to supplying large-scale farms and cooperatives and who also struggled amid the turbulence of the industrial reforms. Many of the input suppliers and processors failed as a result. These failures reverberated back to the small-scale farmers, who then lacked the formal institutions and organizations that had, a short time earlier, enabled the agricultural economy to work.

Reverberating Closures and Unemployment

"Before 1990, Saranda had advanced light industry and food-processing industry, which included processing of mussels, fish, fruits, macaroni, and preserved food, as well as a power sector and the salt mine in Dhrovjan. It also had an equipment industry . . . and tourism. With the start of the transition . . . the food enterprise was privatized, but it couldn't collect raw material or find markets. The equipment industry was privatized, but it lost all its previous business relationships and went bankrupt immediately. The mussel processing industry was privatized, but it couldn't sell its production, so it closed. The salt mine has been left to the mercy of fate. The reason for immediate bankruptcies after privatization was the severing of the contacts that these enterprises had in the past. Besides, the privatization process did not follow the required criteria and many enterprises went to gangsters. Some joint ventures with Greek firms were established by adventurers. The first phase of the devastation process was the period from 1992-1996, when the enterprises got privatized under lawless conditions and rapid growth [fueled by the pyramid frenzy]. Above all, the enterprises deviated from their original expertise. None of these enterprises is now functional. The second phase began after 1997, when no state institutions were functioning." – Hysen, a businessman in Saranda

From 1993 to 1996, the private sector grew and unemployment declined. But the pyramid schemes that attracted so much capital during the period collapsed in 1997, bringing considerable economic and social destruction. Unemployment rose again precipitously. According to a leader in Shkodra, "In the years 1994-1996, the unemployment rate fell, whereas the year 1997 ruined everything. In fact, only one foreign enterprise was totally destroyed, but all the other foreign investors were obliged to leave for security reasons. We hope that with the opening of the Italian consular office in Shkodra, some revival of economic activity will occur. The factor most restraining foreign investors is the lack of security."

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[29] INSTAT (1992).

The unemployment rate varies from one site to another. It is very high in the Mirdita and Kukes districts because they had many of the mines and industrial enterprises that were closed during the transition. Unemployment is high in Gramsh due to the closing of military-industrial enterprises. A leader in Gramsh describes the spread of unemployment there. "Gramsh is a relatively new city, about 40 years old, constructed and expanded to support two military equipment plants. After the early 1990s, these enterprises declined. Gramsh also has an enterprise for canned food, where about 900 women used to be employed. It was privatized, but since it couldn't cope with market conditions, there are now only three or four people working there doing some simple commercial work. Thirty-five to 40 percent of the active labor force is unemployed . . . [in part because] the city of Gramsh is difficult to access."

Unemployment is also high in Maliq, Korca, a city that depended heavily on a single enterprise, a sugar mill that went bankrupt. A leader in the municipality notes, "The socioeconomic situation is critical because the sugar mill closed. Most of the population has emigrated to Greece. Of 1,400 families in the municipality, 300 of them receive economic assistance, which varies from L500 to L1,000 up to L4,000. It's difficult to manage living on this assistance. There are about 2,000 unemployed; the rest, about 700 people, are employed, a small proportion in the state sector, but most in the private sector, especially in trade."

In Tirana, Saranda, Vlora, Mallakastra, Korca, and Shkodra, some industry still functions and the unemployment rates are lower. Some of these areas attracted foreign investment and created jobs before 1997. But the 1997 crisis caused many foreign employers to leave, and the subsequent lack of security has deterred both foreign and domestic investment. A mayor in Saranda sounds a refrain common to many leaders: "There are no foreign investments in Saranda. There were some before 1997, but now there aren't any."

Unemployment is higher among some groups, such as the Romas and the Evgjit. As noted in Chapter 11, Social Capital, they are experiencing higher unemployment because they generally have lower skill levels and lower education levels, and face widespread discrimination. According to the Labor Office of Gjirokaster, the Roma and Evgjit communities represent 30 percent of the 4,500 registered unemployed in the city, even though the OSCE indicates that Romas comprise only 3.4 percent of Gjirokaster's population. One leader of the Roma community says, "I worked in an arts enterprise until 1990 as a master of willows processing. All the women of the Roma community worked there too. But the enterprise was closed during the transition and now there is really no employment opportunity. I cannot go to Greece illegally, for I am not so young. Our crucial problems are employment, water supply, and education for the children."

Current Conditions of Key Industries

Public service agencies (education, health, and state administration) employ the most people, responsible for an estimated 31 percent of all full-time, salaried employment outside of agriculture. Trade and services account for about 25 percent of employment, mining and industry about 8 percent, and construction about 8 percent. Agricultural production, processing, and fishing account for the remaining 28 percent. In the cities of Kukes and Mirdita, where the unemployment rates are relatively higher, the household survey indicates that health and education alone may represent 32 percent of employment. In Vlora, Saranda, Korca, Shkodra and Tirana, the employment structure comprises more processing and construction.

Manufacturing

Textile, shoe, and agro-processing industries are the most important job creators, in part because of some foreign direct investment in the cities of Tirana, Korca, Vlora and Shkodra. By the end of 1999, these types of enterprises accounted for more than 24,000 employees. According to a leader in Korca city, "The unemployment rate here is lower than elsewhere, for I can't imagine that other cities have 5,000 women working in garment companies. There are 17 garment companies, each with between 70 and 700 employees." Foreign investments are mainly Greek, Greek-Albanian (50 firms), Italian (3 firms), and Albanian.

Services

The service sector includes trade, hotels and management, bars-bistros, transport, and handwork. The sector grew rapidly during the transition period largely due to the paucity of services under Communism and the minimal capital requirements of these types of businesses. The sector has absorbed some of the remittance flows into the country. Service companies are small and rely mainly on family employment. It is one of the important private employers in several districts, and it is growing. A leader in Mirdita highlights the relative importance of trade to a major city there. "Actually, Rreshen has no gainful employment in manufacturing. The only sector that supports the city is trade. . . the private sector has about 200 persons who run bars or trade. They are supposed to carry the economic load of the city on their shoulders. This speaks for the economic standard of the city."

Kukes has similar conditions, according to a leader there. "Actually, the prefect's economy is carried by small business, but always in areas of poverty. Business usually implies trade, but the number of the employed is small." Although Gramsh has some private manufacturing, trade is the biggest source of employment there as well, according to a leader in the district. "Gramsh is a city of 15,300 inhabitants and 35 to 40 percent of the active labor force is unemployed. The employed are engaged mainly in trade and small business. Manufacturing is concentrated only in the mechanical plant, which counts about 150 employees. There are no other manufacturing enterprises."

The services sector is also important in Tirana and Saranda, where hotels and restaurants are major employers. According to an optimistic leader in Saranda, "The hotels are good compared to those in Corfu. Their standards are up to date, with showers and furniture. They may be among the best hotels in Albania, except for one or two located in Tirana. People know how to offer service and there is no vulgarity at all. . . . There is no reason for unemployment to grow in Saranda; in reality, owners of restaurants can hardly find waiters to serve. Even payment is higher here compared to other districts. The employment structure is embodied mainly in hotel management."

Construction

Under Communism, housing was in chronically short supply, especially in urban areas. Home floor space per capita was 9 square meters (45 square meters for typical household of 5).[30] After the revolution, demand for housing skyrocketed, even with the outflow of emigrants. The limited survey carried out for this study indicates that the median household now has approximately 63 square meters of floor space. Gjovalin, a worker, describes the importance of construction in Kukes. "Under these circumstances the family looks for other means to live. . . emigration or work in construction . . . .This type of activity assures a sack of flour, a kilo of oil, sugar, rice for the family." The private sector responded with rapidly growing construction companies that have created many new jobs. Lesko, the head of a commune in Tirana, observes, "A sort of change is noted also in the rates of the construction, which are higher now than before, when people lost most of their money in the pyramid schemes." A leader in Saranda also notes the importance of the construction industry in his district. "People usually make a living here on the income from emigration or employment in construction industry. . . . Saranda has several employment opportunities, mainly in the construction sector. . . . There are plenty of employment chances in the construction sector."

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[30] INSTAT (1991).

Official data indicate that the number of people working in construction fell from 99,000 in 1990 to about 11,000 in 1999. But the official statistics miss a larger number of people in construction who work part-time and temporary jobs. A government manager in Vlora notes, "Unemployment is not as high as officially stated, because there are many people who are working in uninsured jobs. For instance, the informal sector has construction teams that repair and fix houses. Officially they are recorded as unemployed. Huge buildings are being built but the number of workers registered in the social insurance registry is very low."

The Informal Sector: Casual and Part-Time Employment

All over the country, in every city and big village, there is a place where the underemployed gather in search of a casual and short-term job. These places are called "omonia," named after a square in Athens where Albanian emigrants search for jobs. Every morning job seekers meet employers at these omonias. Employers hire people who come primarily from surrounding villages and municipalities to work in construction, commune services, and loading and unloading goods. The daily pay of a worker depends on demand and supply. Typically, a day's pay is L500 to L800. Stiff competition exists among the local and migrant workers, which has caused wage rates to fall. According to Ilir, a frustrated local part-time worker in Vlora, "To re-establish order and avoid riots [like those of 1997] in the city, it's necessary that some employment opportunities be created. The immigrants from other districts who come here to work should get work in their own districts . . . In Durres, the immigrants are not admitted. That's what must happen in Vlora, too. The local population wants to be offered employment under favorable conditions."

Living conditions in the cities are difficult for workers. Food is relatively expensive for them, so they do not eat as much as they would like. Many live in cramped rooms that cost a large portion of what they earn each day. Some sleep out in the open in clothes dampened and soiled from – if they are lucky – a day's worth of heavy physical labor. According to Sokol, a newcomer in Vlora, "All the persons gathered in this place are immigrants from Librazhd, Cerriku and other places. We live in rented houses in Vlora. We have come to find a job here to earn a minimum living, simply a piece of bread. But, we can hardly find a job every day. The daily pay varies from L500 to L600. With these earnings, it's difficult to even to afford the bread and the house rent. When no one offers a job, we remain until 6:00 pm." Dashamir, another newcomer adds, "I am from Kukes and there are six migrants from this district. My family is composed of my wife and three children. I came to Vlora to get a job because in Tirana there are plenty like me in search of work. For two weeks I have slept together with the other Kukes migrants in an abandoned train compartment. . . . When I go home, I often borrow money to pay for the travel and I bring only a sack of flour. We are willing to emigrate, but we need to have a visa."

The casual part-time job has become ubiquitous. Generally, the more an area enjoyed mining and industry under the old economy, and the more its agricultural land was carved up into small, fragmented plots during the reform, the higher its unemployment rate and the larger its casual labor force. Bashkim, a household head in a Kurbin village describes the phenomenon in his family, "My family is composed of five persons. I work as an electrician in the state sector and get L13,000 a month. In contrast, my brother has nothing to do. Usually he goes to Milot to seek a job. This month, he has not worked a single day. Last month, he worked five days in Milot and was paid L300 per day."

The higher the unemployment and underemployment in a region, the more prevalent the poverty and the more its population desires to migrate. As Ylli tells it, "I work in agriculture, and time and again I go to Shkodra city to work in construction. We form a group of village companions and ride bicycles toward Shkodra and when we find a job we return in the evening. It takes about half an hour to ride to Shkodra. When employed by a private entrepreneur, we are paid L500 a day, whereas when we work for a family we get L700-800. In the course of a year, we may work a total of only one month, and the rest of time we take care of our agricultural production. Even when finding a casual job in Shkodra, the daily take-home pay does not exceed L300 to L400 because we need to cover food costs while in Shkodra."

VI. *NDIHME EKONOMIKE* AND OTHER ECONOMIC ASSISTANCE

In this report, "economic assistance" includes social insurance payments comprising *Ndihme Ekonomike* (literally, "economic assistance"), unemployment insurance, disabled assistance, and old-age pensions – which, however, according to a recent vulnerability assessment, "do not help the elderly to live well."[31] Forty-two percent of households receive assistance from one or more of these sources. Of the L2,200 (US$15) the average respondent receives per month, about 90 percent of it comes from a pension earned through salaried work. The remaining L200 comes from some combination of *Ndihme Ekonomike*, unemployment assistance, and disability assistance. The L2,200 covers only 60 percent of average monthly utility costs; it rarely covers sufficient food or other necessities.

Albania initiated implementation of Law 7710, covering *Ndihme Ekonomike* and other assistance, in 1993. It authorizes the government to pay cash assistance to poor families with temporarily inadequate income (*Ndihme Ekonomike*) and/or a handicapped member. Parliament later the law to add assistance for various vulnerable groups, including Law 8008, which covers handicapped people. Full cash assistance is available to households with no land or other means of production, and to families with no employed members. In 1998 the government established monthly *Ndihme Ekonomike* payments of L6,437 for a family of six. Partial *Ndihme Ekonomike* is offered to families who own land or other means of production but do not earn more than L2,400 monthly.

However, these provisions have not been implemented as legislated. People in every study site say the actual assistance is much lower. Despite the law's requirements, a senior economic assistance official says that currently the average household receives only L3,200 in *Ndihme Ekonomike* monthly. Table 8 below depicts the *Ndihme Ekonomike* budgets over the past six years.

Table 8
Ndihme Ekonomike

	1995	**1996**	**1997**	**1998**	**1999**	**2000**
Households	145,310	141,118	149,800	150,214	150,313	151,108
Full assistance	63,643	63,796	78,000	69,090	65,553	63,121
Partial assistance	81,667	77,322	71,800	81,124	84,802	87,987
Annual budget (L000s)	3,206,204	2,800,000	3,363,100	4,486,000	4,529,863	4,700,000
Lek/household	22,100	19,800	22,500	29,900	30,100	31,100

Note: Additional budget allocations cover disabled assistance (L1,795,000), social care institutions (L230,262) and other expenses (L51,400)
Source: Former Director of Economic Assistance.
Source: Authors' compilation.

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[31] "Vulnerability, Need and Institutional Capacity Assessment" (Galliano 2000), p. 29. The report, carried out as part of the preparation for the Social Services Delivery Project, presents a more detailed description of pensions and their primary usage, including how they affect the elderly. The findings of that assessment, in terms of characteristics of populations at risk (lack of sufficient food, poor housing conditions, lack of services, isolation, sense of shame), correspond to the findings of this qualitative assessment regarding the poor and very poor. Both reports recognize that lack of employment is one of the main causes of the problems of vulnerable groups. These problems are also discussed in La Cava and Nanetti (2000).

According to official statistics, about 20 percent of the population receives *Ndihme Ekonomike*. This number does not fluctuate with the state of the economy; it has remained fairly steady over the past six years, during the period that Albania experienced the mass privatizations, land reform, and the 1997 crisis.

The table also shows that the amount of *Ndihme Ekonomike* budgeted per household each year has never reached the legislated amount. A director of a district economic assistance office confirms that money provided for assistance is lower than required. "The fund for economic assistance is being reviewed. We distribute only 70 percent of the fund. . . . If the families do not receive this support they would find it impossible to afford daily bread. It would be better if the families were offered greater assistance, but this is impossible at the moment."

There appears to be no relationship between need and budget. While the budget has increased 47 percent over the six years, the country experienced 75 percent inflation during this period, as well as currency devaluations that reduced the value of the lek significantly. The budget in 1994 for *Ndihme Ekonomike* and other assistance was about 2 percent of GDP, and in 2000 it was about 1.2 percent of GDP.

Even if the government fully funded *Ndihme Ekonomike*, however, it is likely that demand would still be larger than supply. With perhaps 20 percent of the population receiving *Ndihme Ekonomike* and 20 percent receiving a pension, demand for government assistance and retirement funds is very high. A leader in Kukes indicates that the number of families that receive assistance is double the national average, and yet the fund still does not cover all families in need: "Kukes has a population of 145,000 people – 35,000 families, of which 40 percent live only on economic assistance. But a lot more people need economic assistance."

According to a former director of *Ndihme Ekonomike* in the Ministry of Labor and Social Affairs (MOLSA), because the demand for assistance is so high and the government is not fully implementing its economic assistance laws, households in need are being turned down for help. Regulations are often used to exclude them. One requirement is that a family has registered to live in a home and that it has lived there since 1993. About 22 percent of respondents have moved from one village or city to another since 1990. Most of them are not eligible for assistance under the law, as noted by a government manager in Vlora. "The inhabitants who have moved away from their areas and settled in the outskirts of Vlora are in a difficult economic situation. They are not given economic assistance because the law forbids this. But I have visited their houses and am convinced that these families are really poor and in need of assistance. . . . The economic assistance provided by the state. . . is very little. Its highest limit is L5,000 monthly for a family with six members. This little sum does not give the state a right to claim that it is helping poor families."

Some households, particularly Romas and Evgjits, say the economic assistance office gives no reason for denying *Ndihme Ekonomike*. According to an Evgjit woman in Shkodra city, "All of us are living under very harsh conditions. We came here from Tirana and Durres because we couldn't live there, but here we can beg for money. We live off what people here give us . . . . We thank the people of Shkodra for keeping us from starving. . . . . We get no economic assistance . . . . City officials told us that assistance is not for us." Other families receive one amount one month, and another amount another month; and a review of statements by government officials presented in this chapter shows inconsistent enforcement of the maximum amount of *Ndihme Ekonomike* provided. Zamira, of Tirana municipality notes, "I receive government aid because no member of my family is employed. . . . I own no land at all. I come from Kukes and have received aid since 1995. But we never receive the same amount of money. For instance, last month I received L3,000, while this month I received just L2,500.

The five members of my family cannot live on such money." Guri in a Shkodra village experiences the same inconsistency. "Economic aid is very low. Four years ago they gave us L2,000 a month, but for almost one year now they gave us only L500 a month. What can I do with this money?"

Another obstacle to assistance is geographic – families cannot reach the economic assistance office to apply for *Ndihme Ekonomike*. Only 25 percent say they have convenient access to assistance. Fifty-eight percent of households say there is no office in their village. They must go to one of the 36 economic assistance offices in a major city to apply. These offices are often very far way.

Most of those in rural areas receive only partial assistance because they own land. According to Ehup, who lives with his family in Gramsh, "We are very poor and the economic assistance of up to L4,000 monthly is not enough. It is insufficient to keep our families on bare bread, let alone other things. . . . There are families of five to seven members who have no possibility to eat meat even once a month. They buy chicken only on the day they receive their economic assistance." There are families who eat bread seven days a week as their only nourishment. Those who do not earn much from work in agriculture or industry find little consolation in economic assistance. Mark, who lives in a village of Mirdita, complains, "The only source of income for my family is the economic assistance of L1,500 I receive monthly from the state. But what the hell can I do with this sort of assistance. I cannot even afford to buy flour to bake bread for my children."

While some view *Ndihme Ekonomike* as more of a token than actual assistance, they still want it because it provides them with their major nourishment. However, even buying food is difficult when the assistance comes two or more months late. As detailed in the chapter on social capital, this is a major reason they use informal credit ("the list") to purchase food and other household needs from shopkeepers. Shopkeepers are willing to provide goods on a promise to pay because it is common knowledge that economic assistance arrives late. (See Annex 3 for a page from a list accounting book).

Another problem with *Ndihme Ekonomike* is that targeting is not precise. Households that are able to buy a second house or more land receive an average of L1,100 a month in unemployment and economic assistance, as are those who can afford all household items except cars. At the same time, less assistance is given to those who say they do not have enough to eat. A leader in Mirdita describes the problem. "About 830 families in the area receive *Ndihme Ekonomike*. To tell you the truth, the monthly assistance offered . . . is very low. I think it is indispensable to determine the minimum needed to live. Many very poor families . . . are not included in *Ndihme Ekonomike* . . . . The categorization of families according to their economic and social problems would lead to fairer distribution of the *Ndihme Ekonomike*."

Many households, and even some government officials, feel that *Ndihme Ekonomike* is a right rather than a temporary help. A director of a district economic assistance office says, "There are big families that live only on their parents' pension but do not receive *Ndihme Ekonomike* because the appropriate law excludes them from this right. For this reason there is an unfair distribution of *Ndihme Ekonomike*. This makes the economic assistance lose its meaning, and makes it considered a 'favor' that the state awards to families that fill in the proper documentation."

The local assistance offices are believed by some to distribute the assistance in a way that minimizes work, rather than trying to help those who truly need it. Political factors are often considered when distributing the funds. This is the view of not only citizens and leaders at the local level, but also of some very important leaders at the national level. According to a knowledgeable senior official in the central government, "The scheme of social insurance gets increased time after time according to political decisions of the government. The increase does not take place on the basis of the price index, at least not for items of basic living, which would reflect the inflation level. No, it is done mechanically . . . . It is difficult to identify . . . the people that are covered by economic assistance. Through this program the local authorities identify poverty. They identify the poor people in their areas of responsibility. This is the weakest chain of the programs to reduce poverty. This problem is due to lack of proper legislation, definition of poverty, and providing economic assistance according to different rates of poverty. For political reasons many people who do not deserve to be part of this program make illicit . . . profits."

The view that local government officials use political considerations to determine assistance allocations is widespread among citizens. Many people agree with the opinion of Sander, a farmer in Kukes: "We make a living in a variety of ways . . . . Economic assistance is very low, but it helps. Actually, it is a lot less help now because our leaders are not in favor with the government . . . . Assistance dropped a lot in the last few months." It is widely believed that those who support, or who are suspected of supporting, the party out of power receive lower funding, while those who support the party in power receive more assistance.[32] An official in a locality in Shkodra, a stronghold of the political opposition, notes the decline in funding immediately after the October 2000 elections, "Poverty in the area is very bad. Economic assistance is too low and does not cover the needs of poor families. Only 30 percent of poor families manage to receive economic assistance . . . . The economic assistance budget in the past three or four months has decreased from L4 million to L1 million. Today a family receives economic assistance of about L800 a month, and this is nothing."

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[32] See Case (1997). Her report, "Election Goals and Income Redistribution: Recent Evidence from Albania," details such bias, and its findings support the perceptions identified in this study.

VII. REMITTANCES AND MIGRATION

Remittances from internal migration and emigration are very important to Albania's economy in general as well as to individual households.[33] According to estimates provided by the Bank of Albania and the IMF, remittances currently account for a significant percentage of Albania's GDP.[34] Conditions in Albania and in Europe may be producing emigration rates that exceed those of previous periods. The United Nations Organization[35] notes that in the 1960s, the 12 percent unemployment rate in southern Europe drove the south-to-north European migration. It also notes that Albania's unemployment rate is far higher than that of Greece and Italy, while its per capita income is 90 percent lower.

At the household level, earning remittances through migration is seen by most Albanians as a way to cope with very difficult economic conditions. Hamdi, a resident of a village in Gramsh, recounts his decision to go. "I initially emigrated with village friends in 1993. It was winter time and it was snowing. My friends said . . . we would die on the road from cold. But the economic situation of our families was so critical that we didn't care about the bad weather." Many people obtain the family's basic necessities by means of remittances, as does Niko's family from Saranda. "We have furniture in our houses and some savings only from income from emigration." Even those with jobs and alternative source of financing say that emigration is the most important source of income, as is the case for Theodhori, a bank employee. "Surely credits are provided for us, but money coming from emigration is the main source of living." Emgration is so important to the livelihoods of many Albanians that more than a few view it as the major divide between the relatively prosperous and the poor. Adriana from Gramsh defines a poor family: "A poor family is considered to be one that does not have a member who can emigrate abroad; the family that doesn't have a relative who may give it a hand. Not everyone can emigrate, since some men are obliged to stay in Albania to look after the wife and kids."

About 15 percent of household members were on trips to other cities or countries at the time the study was conducted. Throughout the country, households indicated that many families had at least one family member migrating. Some, like Maqo from Mallakastra, make emigration a family industry. "There are eight people in my family. Five of my sons are emigrants in Greece – three are married and two are single. The married ones are together with their families. They went to Greece by crossing the mountains and only at the last minute were able to purchase the visas. My oldest son went in 1993, then he came back, got married, and together with his wife went back. The same happened with my other son. They are in Athens. They work in the construction industry as electricians and their wives take care of the children . . . . All of our sons help us . . . They send us money, a TV set, and a washing machine. Thanks to them we can make a living . . . . I own land but what I can make for a living here is just some vegetables from the house garden and the milk from the cow. . . . Emigration is the main source of income here. Even workers working for the oil processing plant want to emigrate because their salary of L20,000 a month is not enough to afford a living if they don't earn something from other jobs."

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[33] Extensive data collected by the Center for Economic and Social Studies supplement the data and analysis in this chapter.

[34] The IMF in 1994 estimated Albanian remittances to be about $200 million, about 20 percent of GDP, and about US$40 - $55 per emigrant monthly (International Monetary Fund,1994). Currently, the IMF estimates that remittances may contribute about US$430 million to national income. The Bank of Albania estimates that remittances total about US$530 million, or about 18 percent of GDP. As noted in Chapter III, the very limited household survey conducted for this study likely understates income from various sources, including remittances, but it indicates that remittances may comprise about 10 percent of household income. See also Cabriri et al (2000), whose report for UNDP, *Albanian Human Development*, notes that "emigrants' remittances represent approximately one fifth of GDP, almost twice as much as foreign exchange revenues from exports" (p. 43).

[35] United Nations Organization (1992).

Organizing Survival

"I have left for Greece seven times. I have been caught, maltreated by police until finally driven back to Albania. When we decide to leave, we form a group of three to six persons. Last time, we were caught in the vicinity of the village where we were going to work. We were beaten badly. To travel from here to Greece, you have to pay L12,000. Besides, you must have some additional money to afford food expenditures. We are well guided along the route. Each time we depart, we have at least one person who knows the route and all the others follow him. It's from the moment of departure that we appoint the team leader. We are all gathered in a certain place to ask for job, but it often happens that we fall in the hands of police. Having nothing to do in Albania, we set off towards the neighboring countries. I will make another try, for I have nothing to engage in here." – Nikoll

Migration Patterns and Flows

There are several dimensions to migratory patterns – rural to city, geographic direction, and foreign versus domestic.[36] Within each of these dimensions are some generally consistent patterns of migration. Migrants tend to leave rural areas to go to villages or cities within Albania. Geographically, northerners proceed south to major Albanian cities or west to Italy. A few northerners go to southern Albania before proceeding to Greece. Southerners proceed south to Greece or west to major coastal cities in Albania, and from the coast some go on to Italy. These patterns of migration and their size indicate that Albania is a country on the move.

Rural to Village/City Migration. This form of migration is the direct result of the difficulties in the agriculture sector. About 15 percent of household members work in a city or village outside of their own at any one time. The total number of those emigrating is larger, because much of the migratory work is temporary, often seasonal. Of the 15 percent who work elsewhere, about 60 percent work in another village or city in Albania. Lek, a farmer from a rural village of Shkodra, observes, "The situation has deteriorated in this village. Economic aid was reduced. Four years ago economic assistance was up to L2,500 a month per family, but now it is only L800. The deteriorating situation is making people migrate . . . . The people who migrate come back and take their families with them . . . . Many people want to leave . . . . They go to Shkodra or Tirana and Durres. It is the main thing that keeps people alive. Most people have a family member who has migrated." An additional 15 percent of those who work elsewhere combine work in another Albanian city with work in their home area. As detailed in previous chapters, most of these migrants seek part-time casual work in agriculture or construction.

Geographic Dimensions. People from areas toward the northern end of the country, such as Kukes, Shkodra, Kurbin and Mirdita, tend to migrate south to Durres, Tirana or Vlora, east directly to Italy, or south directly to Greece. One long-time resident of Tirana, Luan, observes, "People coming from all over the country now live in Kamza. The majority have come from the north as well as northeastern part of the country. Those who are born and brought up in Kamza are a minority compared to those coming from other parts of Albania." Nard is from

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[36] These findings are supported by La Cava and Nanetti (2000), who identify rural to city and geographic direction as internal migration, and foreign versus domestic as external migration.

Shkodra, and his family depends on emigration directly to Greece and Italy. "It has been a year and a half now since my son went to Italy. So far he has sent money to pay my debts when he departed, because to go to Italy you must pay L200,000. It is not easy to earn money by emigrating either. . . . I have emigrated myself. Last year I returned from Greece. . . . Some of my friends went from Greece on to Italy and Belgium. Italy has higher wages than Greece, while in Belgium you can live on social assistance. You spend a lot to get there and back, but I saved enough to buy a color television set."[37]

Many northerners stop in Durres or Tirana before moving on to Italy or Greece. Kurbin is unique in this group in that it has migrants coming and going. Migrants from Mirdita, Kukes and Shkodra settle in the city of Lac in Kurbin, while those from Kurbin tend to go to Tirana, Italy, and Greece. This route of migration is a direct result of the difficulties in mining and industry that afflict northern sites.

Areas toward the central and southern parts of Albania also experience migrants coming and going. Vlora, Saranda, and Korca have migrants coming from northern areas. Jemin is one of many such migrants in Vlora. "I am from Kukes. I pay rent for shelter here in Vlora. Every day we get out early and come here to find a job. We come to this square. . . and when we are lucky and find a job we may make L500 to L600 a day. This money is not enough, though, for bread and paying the rent." Cities such as Vlora and Saranda along the coast also have migrants coming west from places such as Korca, Tepelene and Permet. Ziso, a teacher in Saranda, notes, "People have come over the last 10 years from Tepelena and other villages to the east." Ilir, from a central area, recently came to Vlora with a large group of friends. "I came here 10 days ago and I managed to find a job only for two days. There are 10 of us from Librazhd who have come here in hopes of finding a job. We live together and each pay rent of L100 per night."

People coming to Vlora, Saranda, and Korca also move on to Italy or Greece. Namik comes from Kukes, but now works part-time in Vlora. He sometimes seeks better conditions in other countries. "We have all tried to emigrate to Greece. . . . We went illegally several times and the Greek police repatriated us each time. . . . In 1997 I went to northern Italy. . . I worked for three or four months as a carpenter."

Because economic difficulties are less severe in southern than in northern areas of Albania, fewer people living in the south attempt to migrate. However, the volume is still considerable, much of it a direct result of difficulties in both agriculture and industry. Consequently, long-time residents of Vlora, Saranda, and Korca also emigrate, usually to Greece, but also to FYR Macedonia and Italy. An elder in Korca, Rahmi, describes the emigration of locals to Greece and FYR Macedonia. "We have nine villages with Macedonian minority population. Compared to the past, we have made progress but have a way to go to become up-to-date. All the farmers go to work in FYR Macedonia or Greece. . . . It is necessary to offer people some employment opportunities in the state sector. The only people employed in the state sector are teachers. . . the fishing and forestry industries are closed down. Thus, emigration is the only alternative for the population. They walk back and forth . . . to Macedonia or Greece. In Greece, the earnings are higher . . . but we prefer to go to Macedonia, for there our mother tongue is spoken there. "

Of those who emigrate, about 60 percent go to Greece and only about 20 percent go to Italy. The remaining 20 percent go to other countries such as the UK, Germany, France, FYR Macedonia, Canada, or the United States. Those from more rural areas are more likely to go to

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[37] L200,000 is about US$1,408.

Greece, while those from peri-urban or urban areas are more likely to go to Italy, UK, or the United States.

Who is Migrating?

All those who are trying to cope with difficult economic conditions and who can withstand the physical rigors of migration are potential migrants. As described by Luan, a household head in a Gramsh commune, "About 30 families here have members in emigration. Those not practicing emigration are either physically disabled or are older and cannot cope with the long and exhausting trip to Greece." There is no significant difference in migration rates of different socioeconomic groups, except for relatively prosperous families, whose members migrate far less often. We also found no significant difference in migration rates among rural, peri-urban, and urban households, or between those who own and do not own land.

Migrants are overwhelmingly male and usually between the ages of 14 and 40. Many male youths who abandon school and emigrate illegally to Greece. Working-age men comprise most of the remainder of those who migrate. Men over 40 usually cannot or do not want to cope with the difficult conditions endured while traveling through Albania and across borders, particularly the Albanian-Greece border. Afrim describes one of his more arduous trips. "We formed a group of villagers and departed on foot and walked for about six days. We slept wherever and whenever possible, avoiding places with snow and frost. We could hardly sleep more than two hours a day for fear of freezing. We had a guy who almost froze to death . . . . In Greece, we managed to find agricultural jobs. The employer set up a thatched roof and we slept there. We were paid Dr3,000 to Dr4,000 a day.[38] We stayed only three months. The costs were minimal. We bought only soap and bread. . . . Since I started this form of emigration, I have gone to Greece in March or April and returned by August. . . . As far as the living conditions are concerned, it's difficult to manage living while emigrating. There is no place to sleep. I have had to sleep outdoors all the time because I couldn't afford the rent for a house."

There are some significant differences between those who want to migrate and those who actually succeed in doing so. A major difference is in wealth – either in cash or in informal social capital.[39] Those with wealth are more likely to succeed in leaving and sending remittances home. Those without it are forced to stay home and cope some other way. It can be expensive to migrate. Those who emigrate to Greece say that a short-term visa has become complicated and difficult to get. They must pay an amount equal to the earnings of one to two months of work in Greece. The recent appreciation of the lek against the drachma also diminishes their earnings. Even falsified visas require money to obtain. Illegal emigration usually costs less, but success is less frequent. Azem, who never emigrates legally, talks about his experiences. "I have emigrated. Once I walked on foot . . . with some friends. None of us knew the route. We were caught by the Greek police, who maltreated us severely, then drove us back across the border. But I tried again and I was for the second time caught by the police and locked in jail for five days. I tried for the third time and finally succeeded . . . . I worked for some months for a Greek employer, doing electrical work for Dr6,000 a day. I worked every day of the week, Saturdays and Sundays included. I slept in a barrack. During the time I was in Greece, my family borrowed some money. I couldn't stay longer, because I had to bring money to my family; when I returned to the village, I had to settle all the debts."

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[38] Dr3,000 is about L1,170, or about US$8.24.

[39] For a detailed discussion of social capital, see Chapter XI. For a definition of social capital and explanation of the concepts involved, see Annex 1.

An emigrant must also save food and money to sustain himself during the trip. For households that are having difficulty feeding themselves, this can take some time. One emigrant, Petro, describes what he takes: "We get some food for ourselves – mainly eggs, cheese and vegetables. We also take bottles of water for the long trip ahead." Further, a household usually must have a reserve in cash to survive while the emigrant, often the main breadwinner, gets established in a new location and begins earning income to send home.

If a household lacks money, it must use its relationships with others to succeed. People rely on friends and neighbors to help take care of the family, especially if more than one of the male members of the household has gone. Llesh, who lives in Mirdita, asserts, "When the husband cannot entrust his family to someone else's custody, he doesn't consider the idea of emigration. When it's the case of a newly married couple, they leave together. There are other alternatives, too – I went to Greece alone, after leaving my wife in the custody of my father. If I did not have a relative to care for my family, I never would have departed."

Many of those attempting to emigrate with few resources travel in groups, some of which can be very organized if they have emigrated together before. Because of the dangers involved, each member of the group must trust the others. Skender, who has been a team leader, describes the dangers for which his teams organize. "We walk on foot carrying the little kids on our back. When I see people tired, I tell them to sit on the ground and have a one hour break. We cannot stay longer because the road is long and it's cold by wintertime. We walk along the mountains to avoid detection and maltreatment by the Greek police. Also, Albanians, in cooperation with Greeks, can ambush you and rob you of all your money. . . . If somebody refuses to obey the leader, he is ordered to go back . . . . When we leave together with the family, each of us looks after his own family. When discovered by the police, we disperse wherever we can, and those caught by the police are forced to go back."

Having a network of friends and relatives in the destination city helps a great deal in getting visas, and explaining the best roads to take and the best areas to cross. A villager from Gramsh, Elmaz, tells how his network helps him: "Nowadays, all are willing to emigrate. We are all friends in the village and we make decisions unanimously. When leaving for Greece, we need a lot of money. First, we make up our minds who will depart and thereafter we ask our sons in Greece to sponsor the trip's costs. We pay about Dr50,000 to Dr60,000. There is a team that deals with the illegal border crossing of Albanian emigrants to Greece. They guide you to Greece and then we have to walk on foot. Once in Greece, we find a job in agriculture." Big families with many kin are more able to emigrate than smaller, more poor families. Haxhi, an elder in Gramsh, contrasts his small family with other families in his village, "Actually, about 80 people from the village may be emigrating . . . I, myself, have never emigrated. There are only three of us in my family."

Minority groups, in particular, depend on these forms of social capital to emigrate. The emigration of the Roma in Elbasan is an illegal and well-organized movement of families, including women and children. They elect two or three persons as team leaders to navigate the difficult routes on foot and avoid the Greek police. The team leaders decide on the departure time, route, and resting places. After reaching their destination in Greece, the group rests for several days and then individual families proceed independently to find work. Each member of a family performs the same type of work each time he or she emigrates, so routines in Greece have developed. Males often collect scrap metal to sell, and females usually collect old or worn clothes to sell back in Albania. Children frequently work with their mothers in the streets to beg for money. The trip back home does not require the same organization because the Greek police are not an obstacle to families returning home.

The Romas of Gjirokaster and Delvine, including the elderly and children, illegally emigrate to Larissa, Greece, especially from May through October, when seasonal agricultural labor is required for production and harvesting of tomatoes, onions, and other produce. In the wintertime, they prefer to stay in Albania. Entire families migrate rather than individual males. Roma emigration is more organized and institutionalized because they have been coping with economic difficulty for a much longer period than most of Albania's population.

As detailed in the chapters on education and health, the educated are also migrating, particularly doctors, nurses, teachers, and other specialists. They are more confident that their skills will earn more in larger, more relatively prosperous locations, particularly overseas. Jemin, a teacher in Kukes, says, "Teachers abandon their jobs to pursue better-paid work. They even emigrate." Spartak, a teacher in Gramsh, observes the same phenomenon: "Many teachers have moved away to big cities or emigrated abroad. There are others who have found better-paid jobs in Gramsh and have abandoned school." Within Albania, the educated have been leaving rural areas and villages from all over the country to go to prefecture capitals or to Tirana. Hasan, a teacher in a municipality in Tirana, asserts, "All the teachers come from different parts of the country and have lived in Bathore for less than 10 years. Several of the older teachers have emigrated abroad or teach in Kamza." Unlike many migrants described earlier, most of these people move permanently. Those from rural and village areas who go to university also rarely return home.

Frequency and Length of Migration

As illustrated by the discussion above, most migration is short term rather than long term or permanent. Of those households with at least one member currently migrating, 75 percent believe the member will return home to live permanently. A household head in Mallakastra, Paskal, says, "Some are gone for a few months and some go for two years. . . . The Greek police are getting tougher so people are spending less time each trip."

Twenty-five percent acknowledge that the household member on migration has left permanently. However, in a study on long-term emigration,[40] only 23 percent of long-term emigrants said they would not return to Albania, whereas 31 percent said they would return and 46 percent said they did not know yet. Long-term emigration often occurs when a short-term emigrant is able to obtain legal status first for himself, and then for his family. When the entire family leaves Albania, it usually means the emigration is permanent. A similar phenomenon happens with households migrating internally. As a leader in Gramsh observes, "There is a complex movement of the population . . . . Many families leave here and move to Tirana, Durres, or their outskirts. In general, families move altogether or gradually. At first, only a male from the family moves away to a big city and, after some time, the rest of the family moves to join him."

Most migration is for periods of less than six months. Sixty-three percent of respondents who have migrated have spent between 13 and 60 months away from home. Over the period of 1990-2000, this amount of time represents a range of 1.2 months to six months away from home for each year. Arber, an unemployed household head in a municipality of Saranda says, "We are saving money from emigration to build a family tourism business . . . .Several family members are in Greece, and they send about Dr150,000 every month. . . . They go for several months and then come back . . . . I know a guy who has been to Greece and back nine times." Twenty-two percent averaged less than one month of migration, while only 15 percent spent more than a total of 60 months on migration during the decade. Servet, a resident of Vlora, says, "In 1997 I left for Italy. Southern Italy was too poor and I could not make more than . . . 30,000 lira daily. So I left the south and went to northern Italy. I worked for three or four months as a carpenter."[41]

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[40] Gedeshi (2000).

Usually the same members of the household go forth and back. Fifteen percent of those who emigrate have left at least six times since 1990. Halil, who lives in Kurbin, is one. "In the last 10 years I have been to Greece 15 times. Usually I go to Thessaloniki but the Greek police catch us and repatriate us." Over 60 percent have left at least twice. Short-term migration is mainly illegal, and done by poorer Albanians. Dalip, an elder in Gramsh, says, "People here emigrate for just one or two months and then return because they possess no legal documents and so the police catch them." Short-term migrants do seasonal work (agriculture or summer tourism services), and return home because their families need them or because conditions in the destination area are difficult to endure. One man from Shkodra, Nexhat, says, "I worked three to four months each time . . . in Greece . . . I made Dr3,000 to Dr4,000 each day and saved Dr2,000 to take home. . . I went illegally, on foot, sleeping in the open air . . . . I saved as much as I could but didn't earn much with honest work. But the money I brought home supported us for several months . . . . I cannot go back again because I am sick and cannot walk well."

Benefits of Migration

As noted above, those who can emigrate are seen as relatively prosperous, while those who cannot are defined as impoverished. Emigration is the leading coping mechanism because its financial benefits are so clear to everyone – 39 percent migrate due to unemployment, 20 percent due to insufficient income, 16 percent to obtain a better future for their children, and 26 percent due to economic insecurity. Seventy-three percent of those who migrate remit money or goods when they return, and about half of these bring both money and goods. Additionally, migration is one of the few solutions to economic difficulties that people can initiate themselves. Natasha, a woman from Shkodra asserts, "Emigration is a good way to solve the problem of our daily suffering and hardship."

Those who can emigrate more frequently and over longer periods tend to have more income. Of those households who identified themselves as above average or relatively more prosperous, 50 to 85 percent have at least one family member who has migrated for a total of 13 to 60 months over the previous decade. Dritan's son spends most of his time emigrating. "I have 11 dynyms of land and my family comprises 7 people. I work for a road construction company, and my son is in Greece. My family is considered rich, and you can see my living conditions. But you must be aware that more than 60 percent of our annual income comes from emigration remittances."[42]

In contrast, of those households who identified themselves as poor, fewer than 45 percent had spent as much time migrating.[43] Fatmir, a government employee in Mallakastra, makes the comparison: "We consider a bar owner a rich person, one who has a car and some household equipment. In general, the people that have such things get their income from emigration. The poor are those who take casual work and receive economic assistance. Pensioners are poor too. My neighbor is a butcher and he built an absolutely new house with all the facilities with emigration money, while I can hardly buy a television. All the servants in public administration are the same as me regarding their economic situation at home."

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[41] Dr 150,000 is about L58,500, or about US$412. Lira 30,000 is about L2,070, or about US$14.57.

[42] Çabiri (2000).

[43] Longer-term émigrés, most of whom have obtained legal status, remit far more money back to their families. Émigrés on long-term, legal emigration remit an average of about $106 monthly. Those with their families in the foreign country remit an average of $63 monthly, while unmarried individuals remit an average of $135 monthly and married individuals remit $177 back to their spouses and children. Ibid.

As depicted in Table 3, above, household respondents receive an average of about L1,800 monthly ($12.68), or about eight percent of their total income, from remittances. The poorest households receive an average of L900 monthly in remittances, while the wealthier households receive about L2,900. Many consumer durable items in a household are purchased by one of the household's emigrants and brought back home. Whether people are relatively prosperous because they migrate, or they migrate because they are relatively prosperous, the perception among Albanians is that if you migrate you have the opportunity to become more wealthy.

Most households area spend all their income on basic necessities. Therefore, it is not surprising that most remittance income goes toward consumption rather than investment. A leader in Gramsh asserts, "At least 70 percent of the families have a member on emigration in Greece, Italy, or the United States. Money sent by them is used to buy daily basic needs, and very little for building new houses. We would have suffered very serious problems without emigration." Given that many of Albania's consumer items are imported, a significant but unknown portion of remittances is sent out of the country again through purchases of electronics such as televisions and other equipment. A resident of Kurbin says, "About 30 families currently have one of their members emigrating, but they bring only a little money. More bring home clothes and household items. My nephew brought me a television set."

Some save the money to renovate their home or buy a new home, as did one emigrant from Kukes. "I used my savings from emigration to buy a car and to help my brother build a house." Fewer invest the savings in a bar, restaurant, or some other small service-oriented business. Some are saving the money to finance a move to a more promising city. Sophia, a mother in Mirdita, states, "All the families have a child who is emigrating. . . .When they return home, they have money, which we use to repair the house . . . . We have a new bathroom and installed water in the house. . . . Some people build new houses . . . . Many try to save the money so they can get the chance to move to Durres or Tirana. "

Problems Caused by Migration

Despite of the large benefits of migration, it also imposes heavy social costs. In Tirana, Jozefina asserts, "Emigration is a means to survive but it is causing a tragic end to Albanian families . . . . We all feel heartsick for our sons and consider emigration an irreparable wound caused by the difficult life we are living." The separation of families due to migration is stressing all generations – children, parents, and grandparents. A number of elderly people are losing their social support. A professor who follows pension issues closely observes, "One of the biggest social problems that pensioners are facing is the fact that many of them are lonely because their children have emigrated to Greece or to Italy. Quite often, the children are not in a position to help their parents or be by their side in their most difficult days. Emigration is creating . . . pensioners that are lonely 'orphans'."

Households without men are perceived to be vulnerable and have fewer members to do the same amount of work. As is detailed in Chapter XI, women are feeling much greater psychological stress, in part due to the migration of men in their household. Suzanna, who lives in a rural area outside Vlora, notes, "There are no weddings taking place in the village. Only 10 funerals have occurred over the last three years. . . We are all going to leave."

The education sector is deteriorating in a number of ways due to migration. A former director of a high school in Gramsh asserts, "One of the main reasons the quality of students is decreasing is that qualified teachers are emigrating." Ligoraq, a teacher in Vlora, believes, "The greatest difficulty in rural areas is the fact that students and teachers either go to town or emigrate abroad. Actually, in many villages, school teachers do not have proper professional qualifications." Like many developing countries, Albania is experiencing brain drain. Many of its best students who move on to universities in the cities do not return home. A significant proportion moves out of the country altogether, depriving Albania some of its best minds. The medical system is also paying a steep price for emigration. As a Saranda health official says, "Doctors, nurses, and other medical personnel are leaving. Some of them have emigrated . . . to Greece, but also to Canada and the United States . . . and they have not been replaced." As detailed in the chapter on health, many people, particularly in rural and village areas, are experiencing great difficulties from the scarcity of healthcare in their area.

Despite the remittances, there are also some negative economic consequences. In agriculture, some families who have migrated have left their farms but have not arranged for others to care for the land. As a result, scarce agricultural land is going unused. In some coastal areas, people build illegally on the unattended land left by migrants in areas that could be prime tourism centers, thereby depriving the community of potential tourism income.

VIII. INFRASTRUCTURE

After income and employment, many Albanians feel that infrastructure problems are the main cause of their difficulties and low standard of living. People say that electricity, water/sewage, and roads are higher priorities than housing, care of children and elderly, and economic assistance. A resident of Kukes says, "The main problems in the city are unemployment, infrastructure, lighting, and the rehabilitation of buildings that have been neglected for many years." Another says, "It is necessary to resolve these [infrastructure] problems to improve the low living standards of Roma families . . . . The most pressing problems are reducing poverty . . . potable water, sewerage systems, and roads." In Maliq, Korca, a resident says, "We are all of the opinion that infrastructure is miserable."

Roads, water, sanitation, power, and telecommunications either do not exist, are too scarce, or are of poor quality. When people discuss infrastructure, they tend to list all or some of its elements because the whole sector is problematic. A woman in Kurbin complains, "All village roads are non-asphalted. None of the families here has potable water. . . some have open wells but still the water problem remains big. The electricity supply is also very bad. Even when the electricity comes, its power is low and our lamps barely light . . . . Before 1990, we had a telephone connection, but there is no longer a telephone line . . . .Our sewerage system is an earthen hole." A resident of Saranda says, "The key problem is water supply and drainage. . . . Sewage is miserable. Electricity suffers from interruptions and low power." Some, like Misha, a resident of Kamza, Tirana, believe that infrastructure problems are getting worse: "The improvement of roads, water supply, and energy might cause emigrants to return. But the infrastructure has worsened every year."

People say that infrastructure problems are a major reason why migrants leave. Another resident of Saranda says, "Roads and water supply are major problems. When these problems are fixed, even emigrants may reconsider their decision not to return . . . . What usually happens is that they return to the village and don't notice any improvement, so they leave again." A worker from Maliq, Korca, says, "There is no drinkable water. Inhabitants must buy drinking water. No maintenance, roads, buildings, lighting, and cleanliness make the town look gloomy and people do not wish to stay." A resident of Vlora agrees: "If there were good infrastructure, there would be no emigration."

Poor infrastructure hurts both domestic and foreign investment in communities. A local official in Mallakstra says, "The lack of infrastructure is one of the main reasons that emigrants do not invest. There is no road infrastructure, no water, and no electricity." A small business owner in Saranda says, "The situation prevents tourists from coming . . . for summer holidays."

Infrastructure shortcomings complicate government efforts to provide healthcare and education services, as detailed in the following chapters on health and education. The basic need to match patients with doctors and students with teachers is seriously impeded. According to a health official in Kurbin, "The connection between the town hospital and local health centers does not really exist because there is no telephone connection, but even the roads, which are in very poor condition, are a problem. For example, the area of Gallata has about 1,500 to 2,000 inhabitants, and it takes people there three hours on foot to come to Lac because the roads are so scandalous."

Many government officials and community leaders share the views of the population. They recognize that poor infrastructure is reducing productivity in agriculture and industry, dampening domestic investment, deterring foreign investors and tourists from coming to Albania, and complicating he delivery of services such as healthcare and education. A leader in Kukes asserts, "If I possessed sufficient financial means, I would use it for road infrastructure, especially the road that links Kukes with Prizren in Kosovo." In Shkodra, an official says, "We have several priorities, mainly infrastructure, such as sewage, potable water, roads, and phone lines." A leader in a municipality of Tirana says, "The first concern for us now is road infrastructure, then potable water and electricity."

Many of these leaders are working to get investment for infrastructure projects in their locales. A community leader in Mirdita says, "The principal problems here are potable water supplies and roads. In some villages water is very scarce . . . .There are also a lot of problems with electricity supply. The two existing substations do not fulfill the population's needs. . . . The water supply system is worn out and can hardly meet demand . . . . The electricity shortages complicate water supply because of their effect on pumping. . . .There have been some investments in infrastructure in recent years . . . such as the telephone system in Rreshen." Another leader in Mirdita states, "We have had some infrastructure investments recently. We now have an automatic telephone switching system . . . . We are also going to get investments in both urban and rural roads. The largest part of these investments will be covered by the state budget, but also by different donors such as the World Bank."

Although some leaders in northern areas are addressing infrastructure problems, their southern counterparts appear to be more successful in attracting the funds necessary to do so. Southern leaders say they are working to attract investment from the central government and international donors. The mayor of the town Himara says, "There are great shortages of proper infrastructure such as drinking water, electricity, roads and, in the villages, telephone lines. . . and many people complain. With the budget, my municipality intends to address these problems . . . . A group has been set up to study the problem of drinking water and . . . the government has provided L190 million for . . . the pipeline. The installment of two pumps, high voltage lines and 200 water and electricity meters will guarantee the supply of water not only for the center but also other parts of the area . . . . Parking has been opened behind the school yard . . . . We received L25 million for asphalting the second road." The mayor of Vlora city acknowledges, "We are eager to finish these [infrastructure] projects because we are on the eve of opening the tourist season." A leader in Korca city says, "A major problem is the supply of electricity . . . We have no double-fold lines and electric power is low, which does not favor foreign investment. When we complete a project we have recently started, conditions for both domestic and foreign investment will improve. The rehabilitation of the Kapshtica-Tirana road would reduce travel time . . . .We are building one of the most modern water pipelines in Albania and by the end of the year the drinking water problem will be solved for 50 years or more. This is a DM35 million investment in cooperation with the German government. . . . Fixing the water problem in three or four areas of town would contribute to improving the sewerage system." In Saranda, a leader says proudly, "Infrastructure is improving. The road that leads to Butrinti is already fixed. Before, it took an hour and a half to drive there, whereas now you can be in Butrinti in 30 minutes."

Some local leaders say they have been successful in increasing rates of collection of user fees, as well as in attracting donor assistance. The mayor of Ballsh says, "Another priority is investment in infrastructure: roads, drinking water, sewage, and electricity . . . .We have approved considerable investment for totally rebuilding the water supply system . . . . Reconstruction aims to assure two to three times more water for a longer period of time . . . . We have electricity shortages . . . .A few months ago only 55 percent of the bills were paid, while now 95 percent of them have been paid. . . . We have another problem in town, which is lighting the main streets, but fortunately we now have received UNDP investment for this."

Some officials see infrastructure development as a promising way to increase employment, not only for their own locales but for the country as a whole. Use of domestic companies to build infrastructure would provide a large number of jobs. A leader in Saranda believes, "After 10 years of transition, there is no need for foreign firms to construct roads; we can build them on our own . . . if four or five firms join together. . . . The only efficient investment at the moment is road improvement . . . . The tourists of FYR Macedonia travel by bus because the road is in good condition. Relying on foreign donors, the government has foreseen the future by fixing existing roads and building a new highway to link Tirana, Durres, and Kukes. This would also create the basis for developing business between Albania and Kosovo . . . . Permanent or temporary emigrants from Kosovo could travel to Albania through Kukes and not through FYR Macedonia. The fulfillment of this objective would bring plenty of income and prosperity to families in Kukes."

Water and Sewerage[44]

About 35 percent of Albanians say lack of water supply is their most urgent problem, and 60 percent feel it is one of the top four priorities. About 71 percent have access to piped water, but it is available for an average of only about 11 hours per day. Old pipelines have worn out or are inefficient, or electricity to power water pumps is not regularly available. About 30 percent of the people with access to water say it is too expensive. Among those with no access to the water system, a resident of Saranda says, "It is a pity there is no potable water system, and water comes very intermittently." A resident of a commune in Tirana, says, "The infrastructure is decayed and only 10 percent of families get potable water at home. Infrastructure and potable water are the two main problems in our commune." In Gramsh, a woman says, "Drinking water is one of the main concerns. . . . There is no potable water system . . . we have no water tap in the house . . . and no well in the garden either." The mayor of Ballsh says, "We have approved a considerable amount of investment in rebuilding the potable water ring – not because the town suffers from water shortages but because only 25 percent of water volume is being exploited." In Mirdita, a local leader says, "Even the potable water system is rotten and does not meet the needs of the population. The dependence of water supply on electricity complicates the problem more."

In Korca, "We get drinking water only two to four hours per day." "Most of the families in Korca have potable water in their houses . . . [but] the distribution ring is rotten and needs to be repaired. If we had enough funds, our priority would be to fix the water system, then the school, and third, the electricity system." But extended periods of dry weather have partly caused water shortages in Korca, "The potable water system is very poor. We reconstructed the depots and the pipeline, but dry weather last year left us with too little water. This has been one of the rare winters in Korca where there has been no snow. Snow is the main source of water."

The migration and resettlement of a large number of people over the past decade is also creating much larger demand in some areas, particularly new peri-urban developments around major cities. Suburbs have not been able to keep up with new water demands. According to a vice prefect, "Our concerns in Vlora are our water and sewage systems. The population is twice as big now than 10 years ago. . . There are water sources in Vlora sufficient for one million people but the town gets only four hours of water per day because the distribution ring is very rotten." "The second concern is our water supply," says a resident of a commune in Saranda. "Due to newcomers intervening in the main water pipe . . . there is no more water." A water supply expert in Saranda adds, "Potable water supply in Saranda is about 60 percent short. This scarcity is caused mainly from dilapidated water distribution networks, theft and misuse such as irrigation and car washing. For instance, in the villages of Gjashta and Metoq, there is a lot of illegal use of potable water from the main supply network, by immigrant families, for irrigation purposes." The problems of demand worsen in some locales during the summer months, as described by a villager from Bardhoc, Kukes, "A great problem for us is potable water. By springtime, we have to queue for hours to get some. There is a tap, but we need more water then."

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[44] The findings in this section are supported by the Social Assessment for the Albanian Municipal Water and Sanitation Project (De Soto et al 2001b).

The 29 percent of people who have no access to piped water obtain their water usually from their own private well, but others obtain it from rivers, channels or lakes. Of those with no access to piped water, nearly 85 percent say bottled water is too expensive to use. "The potable water supply is a big problem. None of the families [in Kurbin] has potable water. Some families have open wells, but still water remains a big problem." "Our village [in Gramsh] has always suffered water shortages. We have no wells in our houses and no water taps; there are only natural sources of water." "After employment, potable water is the biggest problem [in Shkodra]; we must take water from the channel now." "The infrastructure [in Tirana] is miserable. There is no potable water. Inhabitants must buy drinking water." In a Korca city, "The infrastructure is miserable. There is no potable water system so we must buy water, which is very expensive." "The main problem is water supply …. In Ksamil we carry water in tanks from Saranda ... It's been three years since water has been available, so people rush to fetch water once a month. We must buy water – one 30-liter tank costs some L100."

Investment is occurring and some systems are improving, but in most locations much more remains to be done. "Saranda City has three water supply networks built over three different eras . . Though our communes have water springs, there are still villages which do not have a single drop of water. A lot of families have drilled wells and use the water for drinking and cooking . . . . The World Bank and ADF have fixed the water supply network in two villages, but there are some nine other villages that need water." "The villagers have wells in their houses [in Tirana]. An NGO, called Premier Emergency, has invested plenty of money in the potable water system in the Bathore area. The same organization will also invest in the Kamza water system as well. We have submitted two applications to the World Bank for constructing a distribution network within the town and its outskirts. Of course, we will contribute to financing this project." Some local leaders, however, are being frustrated in their pursuit of financing to pay for water supply improvements: "We had a water pipeline in the [Shkodra] village but it is decayed now. We are demanding funds from the prefecture to repair it but we have been denied financing."

In some cases, fixing the water supply is more a problem of people than investment. Poor management is a problem in some sites, as a leader in Saranda points out, "The supply of potable water will be better than last year. There is sufficient water, but the management has not been good." Recovering costs from water users continues to be a challenge. In suburbs of Tirana, NGOs have been established with the sole mission of educating utility users on the need to pay their utility bills, and to explain to the utilities that if people pay their utility bills, the utility must provide acceptable service. But in Kukes, "We don't pay fees for drinking water and electricity. We know perfectly well that we should pay, but we don't have any money." Some citizens have reacted to water difficulties by reminiscing about the good old days under Communism. In the words of one Saranda villager, "There was no inequality before because the state was powerful. If, for instance, there was a shortage of drinking water, the first party secretary of the district was notified and the water would be back on immediately. Not anymore."

The deeply entrenched problems of water supply create health problems. The alternatives to a nonexistent, dilapidated or unreliable system are not conducive to proper hygiene. "We have problems [in Shkodra] with electricity and potable water. We use the river water for drinking purposes. First we boil this water and then drink it." "The key problem [in Saranda] is water supply and drainage. Inhabitants buy drinkable water. They use seawater to wash up." According to their teacher, "[Roma] children [Gjirokaster] are not focused, they need to be kept busy because they find it hard to stay still, and they are not neat and clean because they have no water at home." As a result, both minor and major ailments are increasing. According to a doctor in Saranda, "I think the deteriorating health situation is influenced also by the low medical culture of the people. Among the factors are bad economic circumstances, lack of drinking water . . . weak hygiene, etc. . . . . Now we have diseases that are springing up caused by cow and sheep milk, diarrhea and throat problems. These diseases are spread because of lack of water, hygiene and . . . culture of the families."

Health officials are attempting to address the problem the best they can, but some are better able to respond than others. "Diarrhea [in Kukes] is widespread in children and grown-ups during the summer. Villagers have no taps at home and get drinking water from the wells. The quality of well water in many cases is very bad. This [poor quality] is certified by tests made in health center laboratories." "[In Tirana], we control the water pipelines, but it is difficult for us to check the water quality of private wells people use at home. This is not our responsibility. The families that use wells in their homes must submit a request and pay for the [water testing] service. Some of the causes of major diseases . . and infant deaths are related to poor hygiene and drinking water quality." "There are no epidemics spreading due to drinking water quality [in Mirdita]. Last year we had 48 cases in 480 tests where we suspected poor water quality. We blocked all the wells and disinfected them all . . . There are people who keep dogs, cats, cows and sheep, but they have no water for assuring proper hygiene."

The health problems posed by inadequate water systems are compounded by problems with sewage systems. As noted earlier, people usually lump together infrastructure problems, and sewage treatment is often mentioned in the same breath as water supply. About 63 percent of respondents have access to sewage systems, while about 28 percent use a septic tank and about 14 percent use a disposal pit. But many sewage systems function poorly. In cities like Tirana, Shkodra and Saranda, central sewage systems break or become blocked, spilling raw sewage onto roads and other areas. Pipes and pumps are old and break easily. In Saranda, sewage disposal managers say the pipes were installed in the 1930s. In some cases, people working on illegal construction projects inadvertently cut into the pipes. Some of the new buildings in Shkodra use septic tanks instead of the sewage system, and their drains are blocked by debris, which results in raw sewage pouring into the streets. Additionally, some building owners do not periodically clean their septic tanks, so wastewater diverts to public areas.

The problems can be magnified in suburbs around major cities that have dramatically increased in population due to the migration of families from villages and rural areas. Sewage treatment systems are not yet built in many of these areas, and some of the houses built by peri-urban residents do not have septic tanks. Their sewage flows directly into their yard out onto the street. In some villages, old septic tanks do not have the capacity required by the water system, so wastewater is diverted.

In addition to health problems, people are wasting an inordinate amount of time and resources simply obtaining water. "Families [in Mirdita] who have members on emigration have invested in installing their own water taps in their house, while the rest get water from sources that are 30 minutes away from their homes." "Here in our village [in Kukes] we have problems with running water. You have to queue long hours before you can have some potable water." "We get drinking water form a tap in the village, which is a 15 minute walk away from my house. No family in our [Gramsh] village has a water tap in the house." People are also using resources that could be used on other tasks. "The villagers [in Shkodra] get water in remote parts and take it home on animal backs." This problem is especially troublesome for rural residents, because of the time, resources and hardship they endure traveling to distant water sources. "Another problem is lack of infrastructure, such as roads, telephone lines, potable water, etc. It is so difficult for all the residents in the area to get drinking water from Saranda, which is 10 kilometers away." A woman in a commune in Shkodra asserts, "The main problem for me is potable water. We carry water from the source by hand. It is shortening my life."

Electricity

Electricity is close behind water and sewage disposal as an urgent priority. Thirty-six percent say it is one of the top two priorities and nearly 75 percent feel it is one of the top four priorities, ahead of housing, food and other economic assistance, care for elderly or children, schools and all other elements of infrastructure except water and sewage disposal. In the words of some, "The big problem for the village [in Shkodra] is the lack of drinking water and electricity. Some families have no lights at all." "A big concern [in Saranda] is water supply. . . . Another big problem is electric power."

Nearly 99 percent of respondents have some access to electricity, but electric power is off an average of about nine hours a day, frequently during waking hours when it is most needed. When electricity is available, the power is often lower than what is required. "Electricity suffers from interruptions and low power [in Saranda]." "There are many interruptions of electricity [in Shkodra]. We are supplied only four or five hours each day." The mayor of Vlora says, "Shortages of electricity are very difficult. We do not have it from 8:00 in the morning until 4:00 in the afternoon."

Problems exist throughout the power generation and distribution network, depending on the locality. In some areas, power generation and distribution stations cannot meet demand. In other places, transmission networks are blamed. According to a woman in Mirdita, "There are a lot of problems with electricity. The two existing substations do not full the population's needs." The mayor of Rreshen in Mirdita agrees, saying "The municipality of Rreshen has many problems with electricity. The two existing power stations do not meet the town's needs." The mayor of Kamza in Tirana notes, "Kamza and two villages have problems because the existing power distribution station cannot carry loads . . . I think that KESH will resolve this problem." In Saranda, the mayor says the problem is with the distribution network, "Infrastructure is in very bad condition. The communes are suffering critically from electricity shortages. . . The problem is not related to lack of power, but a bad network. We have only low levels of electricity for two hours every evening."

Another very significant problem is the affordability of electric power. More than 95 percent of those with access to electricity say it is too expensive to use. Some have never paid for electricity. According to a man in Gramsh, "We have not paid electricity bills in 10 year because we cannot." A Mallakastra resident says, "Due to the difficulty of eating, we have not paid our electricity bill for many years now." A Roma in Korca says, "We lack the financial means to pay for electric power. We have not paid it in 10 years." Many people understand that they should pay for electricity, but they say they cannot afford it. A fisherman in Kukes says, "We know that we should pay for . . . electricity, but we don't have the money to pay." Other people say they should not pay for poor service. A resident in Kurbin says on paying electricity bills, "Having electricity service or not having electricity service, it is the same for us, because we don't get electricity." The mayor of Shkodra summarizes the difficulty in trying to supply electricity to people who cannot afford to pay for even subsidized power, "We have difficulties such as electricity shortages. Shkodra actually gets no more than 12 hours of electricity each day. It is true that some consumers do not pay their bills. The electricity price set by the World Bank is L45 per one kilowatt-hour, which is under the actual cost to generate it. But families that are living on L2,000 of economic assistance cannot pay L1,500 electricity bills each month. They would like to pay, but they have no chance to pay."

The impact of this dilemma on daily life is high, which explains why electric power is such a high priority for Albanians. "There are not only long interruptions – we get power only eight hours a day – but power is also very low. That is why we cannot use domestic appliances." A teacher in Kukes says "There is a shortage of teaching equipment. There are very few computers, which do not work most of the time anyway because of the electricity problems. The computer room has been set up thanks to the Soros Foundation. But the electric system in the high school is rotten. We heat the school with wood." These problems cause people to use alternative sources of energy, particularly for heating and cooking. About 64 percent of people heat their homes and cook with wood stoves, while about 11 percent use gas and about one percent utilize coal. A woman in Shkodra says, "I bake bread for my family. I buy wood for that because I cannot use electricity because there is no electricity. Some families have no lights at all."

The resulting demand for wood combined with low incomes is causing some environmental damage. People in some locations are cutting down trees for fuel rather than using them to produce wood products. It is a problem in the rural areas and villages of the north, particularly in Kurbin. Says one man, "People are cutting down the woods because they have no money . . . I, myself, was cutting and selling wood. . . Each time it was illegal because I was trespassing. There was a merchant in town who came once a month to collect the wood from me. I earned about L2,000 each month but, because it was illegal, I couldn't always cut the required amount and I would go without income." A participant of a different focus group in Kurbin says, "Forestry is an important resource for improving the economy in Kurbin district. Actually, it is being abused. This must be stopped because it is causing a real catastrophe. The woods are decaying. The villagers do not receive much profit from it but the economic damage is high. There is an association to protect forests but it is incapable of stopping the abuse." The problem is occurring in other regions, but not to the extent that is seen in the north. According to one resident of Saranda, "After 1993, all the orange, olive and other fruit trees were cut and used for heating. But now this phenomenon has been stopped."

The lack of electricity is also deterring investment, tourism and general development. In addition to the loss of productivity, opportunities for investment and job-creation are being lost. "We must get electric power because the lack of power risks tourism development [in Saranda]" The mayor of Korca notes, "The second problem is the supply of electric power. We are a zone with no double connection with the network and the voltage is very low. This negatively affects direct foreign investment." One leader who formerly worked in Kukes remembers the development that followed power plant construction, "Kukes is a new city. It started in 1962 as part of the project to construct the Fierza hydropower station. . . . The construction and transportation industries developed remarkably during this construction. Besides this new city, some small towns were built. . . The construction provided employment for a considerable number of workers, mainly from the villages."

Some local leaders are quick to point out what the government is doing to address problems of electricity, and some citizens are noticing that conditions are improving. The mayor of Maliq, Korca says, "Two years ago we made a good investment in electricity and now there is only one quarter of the city that has a problem." A leader in Gramsh asserts, "The people are paying their electricity bills regularly and the electricity situation is not that bad." A resident of a municipality in Tirana observes, "The supply of . . . electricity is relatively good. Our situation here is comparable more or less to the city [of Tirana]." The mayor of Ballsh notes, "A new hydropower station is being prepared in Pocem." But most citizens believe the problems of electricity are very urgent and they are looking to government, wherever it may be, to fix them. Despite the progress made in Maliq, one resident still says, "There are acute problems in Maliq such as . . . . electricity – low power . . . Such problems need urgent government intervention." In other parts of Korca, frustration has caused people to put their faith in foreign governments, ". . . we have asked the Macedonian authorities to help us with electricity because the power is very low."

Roads

Albania inherited a poor road and highway system from the Communist period, and over the last several years the government has invested in national highways running west-east and north-south. But there are not enough of them and the quality of existing roads makes travel difficult and slow. As a village leader says, "The road that connects the village with the town of Korca is newly built. But the quality of the work done on the road is poor."

Rural areas, in particular, feel cut off from the rest of the country. Rural inhabitants, local leaders, and central government leaders agree that an inadequate road system is holding back economic growth. Farmers are having difficulty accessing local markets with their produce and livestock, which either precludes the sale of agricultural products altogether or increases their cost. A farmer in Saranda observes, "The road only goes halfway. We need the road to come here for ourselves and for our sons as well." An elder in a Gramsh village asserts, "Even if you raise livestock, other than saving you expenditure on milk and meat, it is not worth any income because it is not possible to get to the city to sell the milk; it is a really long distance. None of the other products can be sold in the city market either." A village living outside of Gjirokaster says, "There is a national road, but because there is no bridge, we must walk on foot 15 kilometers to go to Gjirokaster instead of 1.5 kilometers. Therefore, constructing a bridge is a necessity for our village."

It is clear that the lack of adequate roads, along with other rural infrastructure problems, is driving much of the rural-urban migration. According to a government manager in Mirdita, "Isolation, lack of infrastructure, lack of roads to town . . . are some of the main factors that drive the population to move to other locations." A senior official in the Ministry of Labor and Social Affairs elaborates further, stating that poor road infrastructure is a direct cause of poverty in more rural areas: "There is a shortage of communciation in rural areas. These areas lack roads and this is the cause of large-scale poverty in rural areas. In towns, people have access to public services, such as education, healthcare, and potable water. Thus, rural areas are poorer than urban areas. The northeast part of Albania is poorer than the rest of the country. This problem has been inherited from the past."

The road system is impacting delivery of education services in rural areas. Because about 88 percent of students travel to school on foot, it is likely that the distance to schools in some areas is decreasing attendance. As addressed in the chapter on social capital, the worry about security on roads also causes parents to keep their children, especially their daughters, from attending classes. Teachers are also deterred by poor roads from teaching in rural areas – even if they desire to teach in a rural area, poor roads usually force them to live where they teach, and most want to retain the amenities they have living in a city. Consequently, poor roads are one of several important factors that hurts rural education.

Healthcare delivery is similarly complicated by the road system. According to a hospital manager in Mirdita, "It takes four hours for a patient living in the most remote area to travel by car to the hospital . . . . The person must spend quite a sum of money to get here. . . . Some people have died because, due to lack of roads or transport, they could not reach the hospital in time." A hospital official in Tirana says, "When roads are blocked by snow or driving is impossible, we use helicopters."

Telecommunications

Telecommunications is also a significant problem, but Albanians do not place as much priority on telecommunications as on water, sewerage, electricity and roads. As illustrated earlier, people tend to lump telecommunications problems together with other infrastructure difficulties, rather than singling it out. Fewer than three percent say telecommunications should be a top priority, and fewer than 16 percent say it should be one of the top four priorities. The lack of telecommunications affects rural and village inhabitants more than city dwellers. About 30 percent of respondents have access to a telephone, most of whom live in cities. Some people in Saranda use the Greek communications system to make calls. Two-thirds of those with access to a telephone say it is too expensive to use much. Few villagers and rural residents receive service. The lack of telephone service becomes a very large problem for those requiring emergency medical care. A resident of Gramsh says, "There is no telephone line in the village, so when we have a medical emergency we must call a taxi." In Mallakastra, a resident says, "The ambulance service does not go to remote areas because there are no telephone connections."

IX. EDUCATION

Most Albanians believe the quality of education has declined over the past 10 years. These findings confirm those of a recent study on education in Albania, which found that schools began to lose prestige after 1991 because of a decline in "security, stability, and order" in the education system..[45]

Although a majority still feel the quality of their own schools is fair to good, about 65 percent feel they have worsened, and only 23 percent feel they have improved. As a result of the overall decline in educational quality, education levels have fallen and illiteracy is emerging in some areas, particularly in rural and some newly formed peri-urban settlements. Many parents, teachers, school administrators, and political leaders believe that the quality of teaching and reduced student attendance are the principal reasons for the decline. The reforms of the early 1990s created conditions that initiated the decline, and the destruction during the 1997 crisis accelerated it.

Existence of Illiteracy

"I consider a real concern the illiteracy that exists after the graduation of the fourth elementary class, when children forget to read or write, especially the girls, who do not continue their schooling any longer." – chairman of the Parliamentary Commission on Education

"The first signs of illiteracy have been reflected in recent years not only in the children that have abandoned school but also in the ones that attend part time. We now have illiterate and semi-illiterate students." – teacher in Kukes

"There are a lot of illiterates, even those who graduate . . . . I asked some seventh grade students questions and they didn't know anything . . . . There is a low level of reading." – teacher in Saranda

"Only 1.4 percent of our students are literate." – director of education in Mirdita

Declining Attendance

Student attendance has been dropping in all study sites, precipitously in some. According to an education administration in Mirdita, in the district's Fan and Orosh regions only 20 percent of those graduating from eighth grade continue on to high school. Educators in Kukes say only 30 percent go on to high school. In Gramsh, teachers in a focus group said that only 34 percent of primary school graduates go on to high school, down from 100 percent in 1990. In Tirana, the precipitous decline in high school attendance occurred in the 1992-1995 period, but has recovered over the last three years. According to the director of education there, "The number of students that abandon school has been reduced." According to focus group participants in Aliko, a village of Saranda, about 600 students were enrolled in a high school in 1990, but that figure has dropped to about 30 students in two classes. Additionally, says one participant, "Since all the children have joined their parents in Greece, we could not open a first grade."

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[45] "Education in Albania: Changing Attitudes and Expectations" (Dudwick and Shahriani 2000). This report examines different aspects of the education experience in detail, including problems of access and equity for different social groups (urban-rural, boys-girls). It also looks at the impact on education of dysfunctional institutions, lack of public order, new patterns of migration and emigration, and other aspects of political and social change.

These estimates should be considered with caution. Because the registration of students and their families is greatly complicated by migration, educators cannot precisely estimate attendance rates. The director of education in Tirana observes, "Registering the population is a real problem. We do have statistics for children whose families are officially registered, but the uncontrolled population movement and lack of accurate registration raise many questions as to whether we have included all children of school age."

Despite overall declines in university attendance, many of those who attend high school still go on to study at a university. The assistance of the central government has helped reduce declining university attendance rates. In Kukes, where so few go on to high school, 30 percent of high school graduates go on to university studies. However, the qualifications of these students can be questioned because, says one teacher, they "are not obliged to have a certain level of grades in order to attend university." In Gramsh, where teachers report that only a third of students proceed from primary to secondary school, half of high school graduates attend universities in Tirana, Elbasan, Korca, and in Italy under a pilot project sponsored by the Ministry of Education. But in Mirdita, loss of central government support is causing declines in university attendance. A municipal leader in Mirdita laments, "The number of students attending university from our area is decreasing . . . because a government policy to favor students from some areas with specific conditions, including Mirdita, has been terminated."

There are two basic causes of reduced student attendance – economic hardship, and physical and social insecurity. Physical and social insecurity affects girls primarily, while economic insecurity affects boys more. Economic hardship reduces student attendance in several ways. First, many people withdraw their children from school as soon as they are capable of working. In urban, peri-urban, and rural areas, parents put their children to work at age 13 or 14, when they should be in seventh or eighth grade. In Tirana, says one resident, "there are parents who send their children to illegal jobs." Some children cultivate crops and herd sheep, while others migrate to other cities or countries to remit money to their families. In Mallakastra, some focus group participants admitted that when they could find a job they took their sons to help them: "We need to feed our stomachs first, then have the children go to school." In Vraka, a village in Shkodra, it is a practice for a boy to emigrate to Montenegro as soon as he completes eighth grade. Boys in Gramsh, Mallakastra, and Korca have similar expectations about Greece.

Some families cannot afford the incidental costs of sending their children to school. In an environment of reduced educational budgets, parents sometimes need to pay for text books and exercise books, which are too expensive for some households. Ferit, a teacher in Tirana, says it is difficult to teach a student without books and paper. Education expenses are a bigger issue for university students: Ndrec, in Tirana, says, "It costs only L4,000 a month to support higher education, but even that is too much for families." Additionally, some families live too far away to walk to school, and they cannot afford transportation. Also, many roads are difficult to navigate. As detailed in the next section, some schools have been forcing students to go to a more distant facility. In rural areas, children routinely walk four to five kilometers, and those living further away are less inclined to attend. Some districts are receiving help in absorbing the cost to transport students to schools. In Saranda, the Greek consulate has paid for two buses to transport students in the villages of Konispol, Livadhja, Cameria, Makati, and Shales.

Some students do not have enough to eat, and thus have difficulty concentrating in class. In Bathore, a municipality of Tirana, one teacher says she "cannot gloss over the poor quality of some student achievement when they are fed only boiled maize. Their miserable living conditions do not provide them an opportunity to learn at home. Most of them live in cottages and bunkers. How can a child learn in such conditions?" Some teachers, recognizing these difficulties, lower their standards and learning demands. Student achievement may suffer further as a result.

With the difficult economic conditions, cultural change is occurring – many people no longer value education as much as they did before the transition. In Gramsh, a group of teachers stresses that political and economic instability has given people the "wrong opinion that school is worth nothing because unemployment is the same for university graduates as it is for the uneducated . . . . The quickest wins in a market economy, not the most qualified." A parent in Gramsh agrees: "High school is not necessary . . . it is enough for my kids to read and write, and that's it . . . .The top priority is to survive . . . this sheer poverty." In Tirana, Adriana says, "This [market economy] system promotes the most flexible people and not the most educated." In Kurbin and Korca, people also note that those who take their children out of school and send them to another country live much better than those who keep their children in school.

Devaluation of Education

"When I told my son to graduate high school and then think about emigration, he answered, 'The people in Greece have not read a book in their whole life and have a much better life than us. We have read and learned a lot but we are very poor." – Limos, a father in Korca

This attitude is not as prevalent among the children of university-educated parents, and it is not universal among less educated parents. According to a teacher in Mirdita, "I would say that families with intellectual parents try to inculcate in their children the need to study hard and achieve educational excellence. . . .This does not mean that parents in poor families are careless about their children – there are children from poor families who are excellent and rare talents."

Several participants in different focus groups noted that the attitude and role of the mother are important to determining whether a child will continue to attend school. Children with stronger mothers are more likely to attend school, while more timid mothers are likely to permit the father to put their sons to work. When the children are home, many mothers try to continue their education at home.

Boys are more likely to prefer quitting school so they can work, but girls tend to want to stay in school. However, many girls in both northern and southern sites are not attending school, especially after eighth grade, due in part to cultural preferences, economic constraints, and family concerns for their safety. Distances to school are increasing with school closings, particularly in rural areas, and the fear of crime has greatly increased over the past 10 years. In Kukes, Mirdita, Gramsh, Tirana, Mallakastra, and Saranda, incidences and stories of girls being kidnapped for use as prostitutes drive these fears. In Gramsh, there were reports that the police had organized the prostitution rings. Consequently, teachers say, "there is fear among parents as soon as their daughters complete the sixth grade."

This fear reinforces economic and cultural preferences by families, particularly among men, for daughters to stay home, which saves the family expenditure on school attendance and supplies. Girls also contribute to family welfare by tending to agricultural work and housework. Some men also want their daughters to focus on finding a husband.

Attendance of Girls

"Almost all the girls that complete eight years of school have to stay home and prepare to marry. Girls can marry even at the age of 14 or 15. They cannot attend school due to lack of security. The parents do not allow their daughters to attend high school because they have no money to take them to town and provide their dormitory and meals." – Nexhat, a father in Mirdita

Declining Quality of Teaching

Those students who do attend school receive a lower quality education than in the past, according to parents, teachers, administrators and political leaders. Many believe that the quality of teaching has declined.[46] Most base their judgment on the perceptions that teachers are not motivated and are less qualified in the past, and that class sizes are too large to devote enough attention to individual students. Some educators also believe the curriculum does not address student needs. Three reasons are commonly given for the decline in teaching quality – the salaries and status of teachers are low, migration has made it very difficult to manage schools, and schools have been destroyed, are decayed, and/or have been closed.

Low Salary and Status

Teachers' salaries are very low, reducing incentives for teachers to stay in the profession. In Kukes, the average salary is US$80 a month, and teachers estimate that salaries must double before new teachers can be attracted. However, one-third of Kukes' entire educational budget is already devoted to salaries, making pay raises very difficult. The director of education in Vlora estimates that pay must triple from US$70 a month to support a family of four adequately. In Mirdita, a teacher with 25 years of experience earns about US$100 a month, about the same as a teacher in Gramsh with 15 years of experience. In Tirana, a new teacher earns about US$60 a month, despite the higher cost of living there. One teacher who migrated to Bathore, Tirana says that her old district council provided her and her colleagues with wheat to survive.

The social status of educators has declined over the past 10 years. Parents and teachers feel the best teachers are leaving the field to find higher-paying jobs, and those who remain must endure this perception. A Tirana teacher laments that TeleNorba airs a television program that features intellectuals as guests, but a teacher has never appeared on the show: "Why are doctors and engineers intellectuals, and teachers are not?" Lack of local decisionmaking power further fuels the view among teachers that their status is low. School administrators complain they have very little influence, and some do not know what their budget is: "Centralization is a hindrance," says one administrator. "Authority must be decentralized and schools must be more autonomous." The Chairman of the Parliamentary Commission on Education agrees: "The teacher is supposed to be a leading figure in the eyes of the student and of the community . . .[but] has no decision-making power . . . . Teachers deserve more attention . . . . School decentralization would help increase their role."

The lack of income and status hurt motivation. Too many teachers are minimizing the time they take to prepare lesson plans, improve curricula, and explain class materials to students.

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[46] See Dudwick and Shahriani (2000), chapter on Classroom Experience, for a more detailed discussion of the declining quality of teaching.

Some teachers earn extra income by tutoring students whose families can afford to pay. Those with foreign language skills enjoy the most demand. Students report that some of these teachers work late into the night, so the next morning they are too tired to teach well. The Ministry of Education prohibits the practice but exerts little control over it.

As a result of the low pay and status, many teachers have left for higher paying jobs. Zamira says she has 25 years of experience in education and earns about US$100 a month. She could make more money working for the police department in Rreshen, Mirdita or by going into town to sell bananas. New teachers are more difficult to attract and they are often not fully qualified to teach, particularly those teaching foreign languages, mathematics, biology, chemistry, physics, and other sciences. In Tirana, the average age of a teacher is 48 years, and educators believe they will suffer a crisis in seven to eight years because they have not been able to attract younger teachers, despite all the migration from rural areas to Tirana. In Gramsh, students who graduate from Tirana universities stay in Tirana or go to Durres, while graduates of other universities, such as Elbasan, are more likely to return home, but few become teachers. Only four university students in the last 10 years have returned to Gramsh to teach.

The scarcity of teachers in many areas is reducing teaching quality. In Kukes, the director of education admits, "We keep teachers that have not graduated from a university." In Mirdita, 44 percent of the district's teachers are not qualified in the subjects they teach. Therefore, when a recent university graduate of literature comes there to teach, (s)he is quickly assigned to teach mathematics or biology. In Mallakastra, one elementary school does not have a single qualified teacher. In Vlora, about 350 teachers lack credentials, and some schools have no qualified teachers in mathematics or sciences. According to the director of education in Saranda, no teachers of mathematics and physics are qualified there. Forty percent of those who feel the quality of education has declined blame the poor quality of teachers.

Crowded Classrooms

As addressed in the chapter on migration, many people are leaving rural areas and villages to go to larger cities. They perceive that a greater number of higher paying jobs are available in the cities, and that healthcare and basic infrastructure such as water, sewerage, and electricity will also be better. Teachers are very important participants in the move from rural and village areas to cities. They perceive that cities offer not only better economic conditions, but also a cultural life that better fits their educational background. Zihni, a teacher in Gramsh, says, "Many teachers have moved away to big cities or to foreign countries." A father in Saranda, Maksim, says, "The best teachers have emigrated." In Bathore, Tirana, "All the teachers come from different parts of the country and have lived in Bathore for less than 10 years . . . but the economic situation here is bad, so some who had come have emigrated. Several of the older teachers have emigrated abroad or they teach in Kamza."

One educator describes the migration of teachers in this way: "This movement has been fatal . . . because it is very massive and has left bitter traces that will be difficult to overcome." The widespread migration of both teachers and students is making it very difficult for government to balance the appropriate supply of teachers for the mix of students coming to an area. Therefore, some schools are closed, often in more rural areas, and their students are transferred to larger schools, usually in villages and cities, into "collective classes." This is occurring all over the country. In Mirdita, some educators believe that collective classes will enable them to pair more students with the best teachers, and that it is a better use of resources than rehabilitating more schools for fewer students. With this policy, says one administrator, "Four to five large primary schools can be maintained in Mirdita for areas like Rreshen, Rubik, Reps, Perlat, and Klos.

These schools would put together a large number of students and the teachers would be more qualified than now. Hence, the quality of students would improve together with the quality of teaching."

While collective classes may be a rational response to existing migration patterns, many people believe they also decrease the quality of education. Schools remaining open receive more students but, simultaneously, because teachers are migrating from many villages, these schools have fewer teachers. Consequently, student-teacher ratios have climbed precipitously. Some urban areas, such as Tirana and Vlora, are also experiencing overcrowding – students and their families come from rural areas and villages, but low teacher salaries make it difficult to hire a sufficient number of teachers for them. In Vlora, the population has doubled in 10 years but the number of high schools has decreased from nine to six. The population of Tirana has increased from 250,000 in 1990 to at least 480,000.[47] In that time, the number of kindergartens has fallen from 70 to 40. The director of education in Tirana says, "There are many cases when we have 55 students in one class . . . Some classes have 70 students . . . .This has a negative impact on teaching quality and social relations between students and teachers." Many people share this view that, as the student-teacher ratio increases, the quality of teaching declines.

An additional ramification of school closings is that students must go to a school that is further away. As indicated earlier, some parents fear sending their children to distant schools, or cannot afford the cost of the additional travel. The closing of the local school prompts some parents to withdraw their children from classes. One teacher in Mirdita who disagrees with collective classes says, "Education is getting worse due to the population movement . . . . Several primary schools have been closed . . . . The biggest problem in the region is the closure of two high schools in Kurbnesh and Reps. Educating children in those areas has become impossible. . . . Abandonment of school has increased . . . especially among girls." Another educator in Mirdita says that an alternative could be to build dormitories for students who come from remote areas, while keeping young children such as kindergarteners in a smaller number of local schools that remain open.

Closed or Dilapidated Facilities

Schools have also closed due to the destruction of building by former owners of the land or by rioters during the during the 1997 crisis, or because they are decayed from age and lack of maintenance. In Gramsh, says one woman, many school buildings were destroyed or have become ruined, and now look like "huts for animals." In Kukes, four villages have no primary schools because their buildings are too old to use and have "rotten" electrical systems. In Vlora, "most of the destruction took place in 1997." The resulting school closures contribute to high student-teacher ratios and declining student attendance.

Items such as books, computers, and laboratory and foreign language equipment are in short supply. The director of education in Kukes asserts, "We suffer great shortages of teaching equipment in both town and village schools . . . . There are many high school books we do not have, so students have to take notes." A director of a Kukes high school says, "We lack books mainly due to transport problems from Tirana to here." In Tirana there are new school buildings that are "absolutely empty," or that have desks and chairs but no laboratories or computers. In

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[47] The figure of 480,000 is from the 1990-1999 Albania Demographic Yearbook published by INSTAT (2000). As noted earlier, due to the large scale of incoming and outgoing migration in the Tirana district, unofficial estimates of its population vary widely from the official data. Some district officials believe the population may be more than 800,000.

Vlora, classes in physics and chemistry are greatly limited because of equipment and material shortages.

The government and international donors have invested in the rejuvenation of many schools buildings during the past several years. In Kukes and Vlora, 70 percent of educational buildings have been reconstructed or rehabilitated. In Mirdita, 80 percent of the school buildings, predominantly high schools in urban areas, have been repaired or improved. But in Saranda, only three schools have been reconstructed. In Mirdita, Mallakastra, Vlora, and Saranda, organizations such as Soros, Apsi, AEDP, and World Vision are supplementing government investment in new kindergartens, primary schools, and high schools. Parents are also contributing. In Vlora and Saranda, parents have purchased computers and other school equipment.

Curricula and Standards

Some educators feel that deficiencies in curricula and standards are contributing to the decline in education. Some say existing educational standards are ignored and that some students are promoted to the next grade even if they are not ready. As noted earlier, the difficult economic circumstances of some children elicits compassion from teachers, but not always to the benefit of the student. In Kukes, says one educator, "the standards here are not the same as in Tirana." In Tirana, administrators are attempting to measure student achievement and teacher effectiveness, but, an administrator notes, "we lack the standards for evaluation of students and teachers." Text books and teaching curricula are being criticized for being more theoretical than practical, and for not fitting "the real conditions of the country." According to some educators, text content is confused and not clearly formulated. Some educators are addressing the issue by cooperating with European schools. In Vlora, the industrial school gained agreement from the Italian government to recognize its diploma in Italy. Other schools in Vlora have adopted standards from Italy, Germany, Denmark, and Turkey. Educators in Saranda have also adopted European standards.

Educators feel that parents are interested in maintaining traditional teaching methods, where the teacher explains material in detail and checks student progress. Because of the demands of living, parents lack the time to follow their children's progress. However, rising student-teacher ratios, difficulties in maintaining student attendance, low teacher morale, and less focused students make traditional teaching methods more difficult to implement. At the same time, educators report a lack of consensus on how to develop new teaching methods and curricula. Says one focus group participant, "It's difficult for teachers to play a traditional role at a time when society is no longer much interested in educational achievement."

Some districts, such as Mirdita and Tirana, are implementing intensive qualification courses for new teachers, particularly in mathematics and the sciences such as biology, chemistry, and physics. In Tirana, qualification courses are taught by volunteers on their own time, except for science courses, for which university professors are hired.

X. HEALTH AND HEALTHCARE

The quality of health and access to healthcare are important issues for Albanians. Although about 80 percent say their health is average to very good, 41 percent believe that the health of household members has worsened since 1990, while only about 20 percent believe that household health has improved. About a third of respondents feel that an inability to obtain healthcare is a major problem in daily life. Shortages in qualified healthcare personnel, facilities, and access to medical personnel and medicine are the problems most mentioned by focus group and interview participants. As a result, illnesses related to lack of preventive care and hygiene are rising, as are illnesses associated with lack of food and potable water. Health and healthcare conditions are worse for those at the bottom of the socioeconomic ladder, those without access to key infrastructure such as water and sewerage systems, and those further away from cities.

Status of Health and Healthcare

"The health service was better in 1990 than now. Then, we had an excellent network. Now we have many cases of diarrhea because of the bad quality of water. There are many families that feed their children bread and sugar. They have a cow but the cow does not produce milk." – Jozefina, a nurse in a Gramsh commune

Increase in Illnesses

Both medical staff and households report that the incidence of some illnesses has increased. Illnesses related to inadequate nutrition, lack of quality water, poor hygiene, and lack of preventative treatment are most mentioned. These problems affect primarily those at the bottom of the socioeconomic ladder.

As indicated in earlier chapters, a significant number of households say they are not getting enough to eat and/or the quality of their food intake is low. The health of these people has worsened considerably since 1990. Medical personnel are witnessing an increase in anemia, rickets, mental retardation, and births of handicapped children. Of the households with declining health, 33.5 percent say that insufficient and/or poor quality of food is the cause. According to a doctor in a village in Kukes, "Some children are badly nourished because their parents have no money to buy enough proper food for them . . . .There are children whose only food is yogurt . . . . Because of the lack of food, some children are suffering mental retardation." Doctors in Kurbin, Gramsh, Tirana, and Mallakastra see similar problems resulting from inadequate diets.

Those who are getting enough to eat are more likely to say that the health of their family has improved over the past 10 years. Medical staff say that infant care in these households is improving because food intake is higher, the quality of food is better, and more mothers are staying home and taking care of their children. These gains in healthcare are credited by some district healthcare officials with decreasing the overall incidence of infant mortality in Shkodra, Mirdita, Kurbin, Gramsh, Tirana, Mallakastra, and Saranda. According to one district healthcare official, infant mortality in Mirdita has decreased from 30 per 1,000 in 1990 to 7.6 per 1,000 today. In Saranda, doctors report that it is about 3.55 per 1,000.[48]

As noted in the chapter on infrastructure, nonexistent or dilapidated water and sewerage infrastructure is also causing health problems. Medical personnel report that the incidence of diarrhea, gastrointestinal illnesses, brucellosis, and throat problems is rising as a result. Eighteen percent of those whose health has worsened since 1990 blame inadequate water and sewerage services.

Illnesses related to inadequate hygiene, irregular check-ups, and lack of follow-up care are increasing as well. Tuberculosis, pneumonia, and parasites are mentioned most as problems. Hygiene is more difficult for those without water, but it is also affecting those at the bottom of the socioeconomic ladder. In Mirdita, says one healthcare worker, "There are families who keep dogs, cats, cows and sheep, but they have no water for ensuring proper hygiene . . . . Parasites are a problem." In Kurbin, a doctor notes, "Economic difficulties drive families to keep animals in their own dwelling, which worsens hygiene and illnesses." The incidence of tuberculosis is increasing due to increases in migration, the lack of testing, and the inability to afford medical checkups and follow-up care. A doctor in Shkodra notes, "People in the villages get tuberculosis, but when we ask them to come to Shkodra for tests they don't show up. This happens especially in poor rural areas."

Lack of Preventive Care

"Some patients from towns and rural areas do not get medical treatment systematically. They neglect treatment and come to the doctor only when they are too sick or when their situation has worsened to the extreme. Therefore, some diseases become chronic. For example, a patient comes to the town hospital, is diagnosed, and is given medication. Then he does not come back for a second or third visit so the doctor can follow his condition and repeat tests." – Petro, a doctor in Saranda

Difficult economic conditions are also causing psychological stress. Of those who say their health has worsened over the past 10 years, 17 percent blame stress. People say that poverty, fear of crime and hopelessness have created stress that has worsened their physical health. A doctor in Kurbin says, "Heart disease is rising rapidly, along with psychological stress due to poverty, physical insecurity, and hopelessness." Additionally, those areas of the country with mining industry, particularly Kukes and Kurbin, report mining-related diseases that are going untreated.

Declining Healthcare Delivery

Poor diets, inadequate delivery of water and sewerage services, and insufficient hygiene are important causes of growing health problems. Declining delivery of healthcare services also contributes. The quality of healthcare delivery has declined in cities, villages, and rural areas alike. But it is worse for those who live outside urban centers or who are too poor to access services. Many medical personnel are leaving the profession due to low income, and some of those who are staying in the profession are moving out of rural and village areas to seek higher pay and more comfortable living in major cities. Without the appropriate medical staff, healthcare delivery in many rural and village areas has been reduced or stopped altogether. Existing facilities are becoming dilapidated due to lack of funds. Many medical personnel work out of their houses without adequate medical equipment and other resources. Some charge fees for their services, which deters many people from seeking assistance. As a result, access to healthcare is decreasing, and those accessing healthcare often receive lower quality care.

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[48] These figures have not been confirmed. UNICEF's Multiple Indicator Cluster Survey (UNICEF, 2000) indicates that the incidence of infant mortality nationally is 28 per 1,000, significantly higher than the figures reported by the district healthcare personnel.

Status of Healthcare Services

"We have problems in health. The health system was destroyed during the transition, and is not the same as it was in 1990." – a leader in Kukes

"The health system is absolutely rotten and nobody is doing anything about it." – a doctor in Mirdita

"The health service is worse now than under Communism." – a focus group participant in Kurbin

"Before the transition, the health system was better." – a patient in Gramsh

"In the 1980s the healthcare system was more organized and effective." – a health manager in Tirana

"The health system is very bad . . . it was better 10 years ago." – a focus group participant in Mallakastra

"Health services in Saranda are worse compared to the period before 1990." – a doctor in Saranda

Personnel Shortages

Many doctors, nurses, dentists, opticians, and pharmacists have left rural areas and villages over the last 10 years. Conditions in urban areas are perceived to be better, and most seek to earn a higher income by either switching to a new career or establishing a practice in an area with wealthier patients. According to one doctor, "Low salaries of doctors and nurses have led to some inhumane treatment of patients." As a result of the low salaries and personnel departures, the quality of healthcare professionals has fallen. A leader in Korca says, "The quality of healthcare service leaves much to be desired. The most qualified doctors have either emigrated or moved."

These problems appear in northern, central and southern areas. They also occur in cities, even with the migration of medical personnel from rural and village areas to urban destinations. In Shkodra city, 10 percent of the doctors (13) left in 1999 alone, either to foreign countries or to Tirana. No new doctors were hired. Due to the lack of qualified personnel, the hospital is hiring retired doctors for non-surgical medical support. In Mirdita, healthcare managers say that the hospital has a doctor for each specialty, but that the professional qualifications of medical staff are low because many qualified personnel have left to more developed areas of the country or have emigrated. Thirteen village health centers have doctors, while two do not. Health personnel blame low salaries for the departures. Kurbin has one doctor for every 3,000 residents, a much higher ratio than 10 years ago due to departures of their most qualified people, particularly specialists, to Tirana, Durres, and other cities. There are only five pediatricians for 70,000 residents. Kurbin officials say the lack of public security and US$70 a month salaries are the main reasons doctors leave. Additionally, no residents are now attending medical school, so shortages in the future will almost certainly worsen.

In Mallakastra, doctors and focus group participants say there is a shortage of qualified doctors. Most have gone to Vlora, Tirana, or another city. As a result, some people say everyone goes to Fier for medical care. In Saranda, a third of all doctors has left the district in the past 10 years, primarily from rural areas and villages, to Greece, Canada, and the United States. No new doctors have arrived – 30 students from Saranda have attended medical school during the period, but none has returned home. Currently, there is one doctor per 1,250 residents, but rural areas have only one doctor per 3,500 residents. The city-rural split in medical personnel is similar for nurses, pharmacists, and dentists.

Many medical personnel who still work in rural areas and villages are looking to leave. As one doctor says, "The only people still here are those who have not yet been able to get a visa." Some are still working in a village but have moved to a city to look for a new job there. For example, in Bardhoc village in Kukes, two nurses and a doctor serve 3,000 residents. All three live in the city of Kukes because conditions are better there. But for the nurses, the L200 in travel costs back and forth each day represents about 50 percent of their income, so they will take new jobs in Kukes city as soon as they can find them, or move to another city further south.

Tirana has been the main beneficiary of the migration of doctors and other medical personnel from rural and village areas to cities. The deputy director of Tirana Public Health estimates that there is one doctor for 1,600 - 2,400 residents in the prefect. In the city itself, there is one doctor for every 700 residents. He reports that Tirana city does not have a shortage of doctors, nurses, and technicians, and even has a glut of specialists. However, the quality of medical personnel is low, particularly for those coming from northern regions, and there is no money to train them. Additionally, because salaries are low, few people attend medical school, so the relative age of doctors in Tirana is high. Tirana is likely to experience a shortage of doctors in future years. The situation in villages and rural areas of Tirana prefect is not as good. Pharmacists in villages have only high school degrees, and some villages have no dentists or opticians.

The government has attempted to address the lack of medical personnel in parts of Albania. According to the director of Shkodra Hospital, the law stipulates that a graduate of a medical university must work a minimum of five years in his/her home district, or face sanctions. But the law is not enforced and its scope is limited because it covers only the few doctors who have recently graduated. Additionally, all other economic incentives favor migration to urban areas. Until these incentives change, migration of medical personnel is likely to continue.

Shortage of Facilities

Many medical facilities have been destroyed, have fallen into disrepair, or are short of critical equipment and supplies. A few have been closed because of the lack of medical staff. As a result, many medical staff, particularly in rural areas and villages, work out of their houses with minimal equipment and supplies. Dental and optical clinics are also in short supply. The government and NGOs have built or renovated a number of facilities in different sites, but the capacity of existing hospitals and health centers is not yet sufficient to serve the needs of many people. Facilities in rural areas and villages generally in poorer condition than those in cities.

In Kukes, about 60 percent of the medical buildings have been rehabilitated through state funds or by NGOs. However, many nurses in Kukes still work out of their house, a school, or other non-medical building because there is no health center in their village. In Mirdita, the main hospital needs rehabilitation and 7 of the 22 health centers are not functioning. A hospital manager says about the hospital, "NGOs have provided mattresses and blankets, but much more needs to be done. The X-ray equipment is rotten and hardly working, and we lack the means to test thyroid and sodium levels." In one village, the health center no longer functions and, according to a village elder, "The nurse has no place to work and when somebody needs help she goes to the house. But distances are long and people have died because of the delays." A mayor in Mirdita observes, "We have areas in our region that are not covered by health centers. They have been destroyed or changed location due to the privatization process." In Shkodra, about 30 health centers have been constructed under a World Bank project, but the hospital director says that more must be done because many health centers are "almost destroyed." A leader in Shkodra says that most of the district's health centers are "used up," pointing out that there is no central heat in the hospital and health centers are short of medicine and other healthcare supplies.

In Gramsh, doctors report that many villages have no health center, dental clinic, or pharmacy, so patients visit the closest nurse. Medical equipment and supplies are also short. Each health center has only two types of analgesics, and some medical staff report that they buy medicines themselves. According to one nurse, "In the last two years, we have been provided medication – only L800 total – only once . . . .When we have a birth, we boil everything for sterilization because we don't have any appropriate sterilization supplies." Kurbin has enjoyed the support of several NGOs that have rehabilitated the main hospital. Despite the improvement, the hospital still sends patients involved in car accidents or weapons fire to Lezhe or Tirana for emergency surgery. Radiological and other scanning equipment is lacking, as is a laboratory and the means to test for tuberculosis and AIDS. Additionally, poor telecommunications and roads make it difficult for the hospital to manage the district's health center network.

In Ballsh, a doctor says the main hospital is "in bad shape," with only a few beds and fewer doctors. In one Mallakastra village, the old health center no longer functions, nor does the newer one three kilometers away. There is also no dentist or pharmacist. So people go to Ballsh or Fier for healthcare. In Saranda, neither Ksamil village nor Aliko commune has a functioning health center or a pharmacy. The doctor in Ksamil goes to people's homes, while people in Aliko travel into Saranda city. Aliko has a dentist, who is private and more expensive than many people can afford. Korca's health centers are short of medication and other supplies.

Tirana, again, is an exception. It has health centers in the city, in villages, and in rural areas. New health centers have been built and the main administrative centers have been rehabilitated. Additionally, the district will initiate a new World Bank program to construct 14 health centers and rehabilitate 10 others. In villages with only 200 or 300 people, the district is renting facilities instead of building them. Further, some schools offer medical treatment to students and nearby residents. However, some villages such as Priska do not yet have a health center, dental clinic, or pharmacy, so patients go to the nurse's house. Nurses typically visit the homes of those who are too ill or too far away from health centers. A doctor comes on appointed days and makes house calls.

Decreased Access to Healthcare

The decreasing number of doctors and other medical personnel and the loss of medical facilities, particularly in rural and some village areas, are decreasing people's access to healthcare. The privatization of many healthcare services is also increasing the price of healthcare to patients, and many medical personnel employed by the government augment their low salaries with additional fees collected from patients. Many people cannot afford to pay fees for medical help. As a result of the decreasing access to healthcare, many people forego preventive check-ups as well as treatment of illnesses. In addition to the problems of food intake, inadequate water and sewerage, and poor hygiene, the decreased access to healthcare contributes significantly to declining health in the country.

Perhaps the most important impediment to accessing healthcare is cost. The privatization of some healthcare services makes them inaccessible to many of the approximately 60 percent of people who are struggling to get enough to eat or to provide clothes and other necessities for their families. Dental services, optical services, and the sale of medicine have been privatized, prompting a supply response in urban areas. In cities, there are sufficient numbers of dentists, ophthalmologists, and pharmacists servicing people who can afford to pay. A doctor in Kurbin observes, "The dentistry sector has developed quickly due to privatization; certainly the incomes of dentists have improved greatly." Those who can afford to pay benefit from improved health service and availability of medicines. As a healthcare manager in Saranda notes, "It has become easy to supply modern medicines, which has helped treat more diseases and reduced the number of days a patient spends in the hospital."

However, such services are very difficult to find in rural areas and many villages, and are too expensive for many people in the cities. Therefore, most people either cannot find medical service or cannot afford it. A doctor in Kurbin says, "I see many people who have taken my medication order to the pharmacist, and then leave there with no medicine because it was too expensive." Says a poor man in Mallakastra, "Healthcare was better 10 years ago. I used to go to a doctor and not pay a lek for the visit and the medicine. Now I have to pay even for an injection. A dentist asked L300 to pull out a tooth, but with that I can feed my family for two days."

Additionally, many doctors who work for the state are now charging fees for their services. A manager in one hospital said that medical staff are forbidden to ask for payment for services and that those doctors who are discovered requesting fees are fired. But, he adds, "Anybody may give the doctor L200, and I am categorically against barriers for patients." This manager's careful choice of words illustrates the current dilemma – medical staff are not paid enough to live adequately, and many patients cannot afford to pay for healthcare. A healthcare manager in Mirdita acknowledges that many patients do not receive treatment from state hospitals because the fees are expensive. The question of whether doctors take fees for services prompted disagreement among focus group participants in Kurbin, but many medical staff and patients say it is routine for doctors to collect fees for their medical services. With doctors making US$70 to US$100 a month in salary from the government, it appears that incentives are high to request fees from patients.

Decreased Access to Healthcare

"My husband needed surgery. The doctors in Fier asked L500,000 for the operation. I could not pay that much, so I had to take him to Tirana, but he died." – Ermelinda, a widow from Mallakastra

Another important barrier to healthcare services is distance. The departure of doctors and other medical personnel from many rural areas and villages makes healthcare service more distant for a large number of people. Those who are too ill to travel must wait for a visit from a nurse or doctor. In Bardhoc village in Kukes, patients often walk 20 minutes to reach the health center because they have no other form of transportation, and this can be too arduous for a sick patient. Those with a less serious illness often do not receive treatment, preferring "to weather" the problem. A doctor in Mirdita says, "Some people from remote areas must travel four hours to come here."

Some communities are served by hospital ambulance services, but most villages and rural areas are not so lucky. The director of a hospital in Shkodra says, "The ambulances do not go to remote areas because of lack of telephone connections . . . .The lack of public order causes some to use ambulances for private use rather than for serving emergency patients." In part because of distant healthcare services, some people are moving closer to cities. One household head in Bathore, Tirana, says, "We came here because living conditions were bad [in our old village]. At least now we are close to the health centers in Tirana in case of an emergency."

XI. SOCIAL CAPITAL

An important characteristic of Albania is its social capital. As presented in the concept note for this qualitative assessment,[49] social capital is defined as the set of institutions, organizations, and networks through which people gain access to power and resources, and through which decisionmaking and policy formulation occur at the local, regional, and national levels. These institutions, organizations and networks can be formal or informal. "Equitable" social capital encourages communication, inclusion, meritocracy, trust, accountability, justice, dignity, confidence and hope (Annex 2 elaborates on the definition of social capital and its application).[50] This study focuses on social capital at four levels of Albanian society – government, civil society, horizontal organizations and institutions, and the institution of family.

Government investment and management practices – in terms of public security and the development of infrastructure, the educational system, healthcare services, and economic assistance programs – is weak. Government investment in these areas is insufficient and the funds that are invested are managed inefficiently. Decentralization is just beginning, but it has already achieved some success. Nevertheless, people perceive the ineffectiveness of government, and most people blame government corruption and ineffective political parties for the very deep economic and social problems they feel Albania currently faces. Over the longer term, continued distrust and disillusion with government could corrode Albania's nascent democracy.

Weak, or in some places, non-existent government capacity contributes to a governance vacuum in Albania. To cope with a number of problems, elements of civil society in some places are filling the vacuum. In some locations, citizens are even looking to foreign organizations to provide routine services they ordinarily would expect from their own government. In rural areas of northern and eastern Albania, traditional institutions such as the fis and the Canun are re-emerging to provide some order and stability in the absence of government capacity. But these institutions, based on extended families/clans, are limited in their ability to address the wide range of people's needs. In addition, Albanians' wariness of other groups in general – other families, ethnic groups and religious groups – fragments civil society and confines non-governmental solutions to local geographic pockets.

Fortunately, the wariness that ethnic groups in Albania have toward each other does not portend significant ethnic conflict. All ethnic minorities say that relations among the groups are good, including relations with the Romas and Evgjits. However, poor conditions among the Romas and Evgjits may still prove troublesome because of deep-seated economic, social, and political discrimination against them, and because their much higher rates of birth mean their problems will weigh more on Albanian society over time.

Another vacuum that exists was created during the transition – the collapse of formal horizontal organizations such as agricultural and industrial cooperatives, supply networks, and distribution channels. Privatization and economic and political reform created conditions that caused their demise, and few alternatives have been established in their place. Additionally, other types of associations and formal organizations such as religious organizations, charity groups, self-help organizations, and public interest groups have not yet developed sufficiently to help families and communities overcome or cope with difficulties. The lack of formal economic and other organizations is a leading cause of unemployment and low income. The lack of other types of non-governmental associations and organizations also limits ways of coping with the resulting difficulties.

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[49] "Concept of the Qualitative Assessment of Albanian Poverty," De Soto, Gordon, and Nayak (2000).

[50] This definition is a modification of one presented in "Social Capital: The Missing Link?," Grootaert (1998). The paper was prepared as part of the Social Capital Initiative, which seeks to operationalize the concept of social capital by defining it and determining how best to measure and monitor it.

As a result, many Albanians have developed informal institutions to cope with their economic and social difficulties. The two most important informal institutions are informal credit ("the list") and migration networks that produce remittances. Using the list – taking basic necessities from shopkeepers with the promise of paying later – and obtaining remittances from migrating family members, are critical to helping many Albanians cope with unemployment, low income, and sparse economic assistance. Albanians depend on the close network of families, neighbors, and friends to make these coping measures effective.

Social capital at the level of the family is critically important to helping many Albanians cope with economic and social distress. However, the distress is straining family relations and making family life more difficult for women. Families are split by the periodic migration of fathers and sons, creating more pressures for women who already are feeling excluded from social and family life due to unemployment, the loss of status that accompanies it, and, in some cases, the rise of traditional attitudes toward women's role and behavior.

These aspects of social capital significantly impact the extent and intensity of poverty. The collapse of existing horizontal agricultural and industrial institutions, organizations, and networks during reform is an important cause of unemployment, low income, and the resulting poverty. Lack of government capacity in public security, infrastructure, economic assistance, education, and healthcare also reinforces poverty, and limits the ability of families to cope. The development by households, extended families, and communities of informal institutions to cope with economic and social difficulties is mitigating the intensity of poverty for many households, and keeping others out of poverty. However, the social capital of households, extended families, and communities is finite. If Albania does not create more of other types of social capital, the burdens now imposed on its informal institutions may begin to damage them, undermining the remarkable ability of people to survive in the face of economic and social difficulties.

Governance

Earlier chapters assessed the status of infrastructure, health, education, and economic assistance. Government is not meeting these responsibilities adequately, and strongly criticized by residents from all areas on this account.[51] Another key function of government is similarly lacking – public security. Many people do not feel secure from crime. Government employees at all levels note the lack of resources to perform various governmental functions, and the organizational and management deficiencies that dilute the impact of the resources that do exist. Many citizens believe corruption is the most important cause of ineffective government, but feel they have little power to change the situation through elections.

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[51] The "Capacity and Institutional Assessment" component of the Vulnerability Need and Institutional Capacity Assessment (Galliano 2000, Annex 3, p. 3) discusses in detail the government's legal framework and institutional functions, which account for its weak social services."

Government Organizational Capacity

The government is hampered by lack of resources and poor management of those it has. The central government mandates action but provides insufficient funds to fulfill the mandates, and accountability for public expenditure is often unclear. Therefore, money is spent inefficiently and decisionmaking is slowed. Some government agencies also lack even basic administrative materials and procedures to operate efficiently.

Lack of Public Security

People worry about their safety, and this fear pervades economic and social life – working on the family plot, bringing agricultural produce to a market, attracting investment and creating jobs, going to school, visiting a patient's house, applying for economic assistance, confronting water theft, and worrying about a family emigrant. A leader in Shkodra explains his view of crime and public insecurity: "We are like that wild dog that has been tied in chains for 50 years, and now that we are free, we do not want to obey anything or anybody."

Eighty-six percent of people felt more secure before 1990, and 90 percent believe that crime has worsened since then. Thirty-five percent of households report that a crime was committed against one or more family members within the previous year. Nine percent of households experienced a violent crime, 11 percent were robbed, and five percent suffered vandalism. As a villager in Shkodra, Ferit, laments, "Order and security are big problems for us. Due to the closeness of the border, every day there is a murder or a robbery in the village." A neighbor, Mark, adds, "A 24-year old boy was killed a few days ago. He wanted to go to Yugoslavia to trade, but they robbed and killed him. It seems that the illegal trade is causing things to be dangerous."

As detailed in the following section on civil society, many assert that relations within their communities are relatively good. Most crimes, particularly the more serious crimes, are not between neighbors. The robberies and violence are mostly the result of gang-related crimes with economic motives, such as ambushes on roads. Pjeter describes his experience with ambushes while migrating, "I emigrate to Greece with my first cousin and close friends. I work as a waiter in the beach area. I have been doing it since I was 16 to earn enough to get bread for my family. Because Western Union fees are too high, I carry my money home with me. The Mafiosi get visas from the Greek consulate and there is no security. Masked men have ambushed me in Fier and grabbed all my money. It is only with friends that we can resolve our problems because there is no law." Lek blames the government for the problem: "The police collect weapons but they don't provide us security."

Drug and prostitution-related disputes also lead to violent crimes such as murder, kidnapping, and rape. Women and, especially, girls are vulnerable to such crimes. As a leader in Gramsh observes, "Children are vulnerable because parents are either migrating or under a lot of stress and exhaustion. Sometimes they are not paying attention and their daughter is gone."

Additionally, in both north and south, revenge and feud-related crimes are turning violent. Some of this violence is between neighbors or distant relatives. The problem of feuds is more prevalent in northern areas, driven by the resurrection of the fis (extended family) and the Canun (traditional law), which will be detailed in the following section. Namik, a father in a Kukes village, describes one violent scenario that is becoming more common: "If my daughter gets married and is not on good terms with her husband, then I go to her home with my two brothers and talk to the family of her husband to find out what the problem is. I ask them to treat my daughter well and if they do not then I address the matter to the security forces. And if the security forces do not resolve the problem, then I get my daughter back home and I tell them that they can fight with me if they want, but my daughter will not be treated badly. If the daughter wants to abandon her husband's home, I tell her to wait for me to come to pick her up. But if my daughter behaves badly she loses those few rights she enjoys and has to stay at the house with her husband. If the daughter makes a mistake, the Canun does not forgive her. If she is having an affair outside her marriage, then we kill her along with her boyfriend, as the Canun says. In case I kill only the boyfriend and not my daughter, then his family has the right to kill me."

As detailed in the chapter on agriculture, disputes over land and agricultural resources such as irrigation have occurred during and after land reform. Some of these disputes have also turned violent. The number of these conflicts rose dramatically during the reform period, but have fallen as land reform progresses and land disputes are resolved. As an elder of a fis in Shkodra puts it, "Most of the disputes between the fis used to be over land. It was taking all my time to mediate all these conflicts . . . .They are not such a problem anymore. . . .Everyone knows who owns the land now."

Thirty-five percent of households report having been victim of a crime in the previous 12 months, and a quarter of these crimes were violent. This causes residents to lose trust in their community. Eighty-one percent of households trust others less than they did in 1990, and 51 percent believe lack of public order is one of the top three difficulties they face. The rising level of crime has wide-ranging social and economic impacts. As discussed in the chapter on education, in most of the sites – Mirdita, Gramsh, Shkodra, Kukes, Tirana, Mallakastra, Tirana, and Saranda – people said they have kept their daughters from going outside out of fear for their safety, or they knew someone in the community who has done so. Additionally, health and education directors are having difficulty persuading teachers and medical staff to work in certain areas because they are afraid of the travel. One district director of education observes, "I don't have enough teachers, and the ones I do have won't go to these places [where crime is prevalent] to teach because they are scared."

The rise in crime is exacerbating the damage done to foreign investment by the 1997 riots. Vasil, a professor, describes the consequences of the turmoil in Mallakastra. A municipal leader in Tirana indicates that damage done by the riots and rising crime are ongoing problems that will be difficult to overcome. "In the turmoil of 1997 almost everything was destroyed . . . . All the investors left due to lack of security. We hope that with the opening of the Italian consulate in Shkodra, the economic activities will brighten. The main reason foreign investors hesitate to come here is the lack of security. Insecurity impacts the businessmen but not the intellectuals." Fear of crime is also hurting domestic investment. Says a potential investor who recently returned from emigration, "I want to construct a hotel but there are people who get annoyed at seeing you get better and, therefore, they might come in and kill you with their guns. People also start fights over matters such as why did you go shopping in that store and not mine. It is frightful to invest money." Thus, lack of public security is crippling a potentially key catalyst for economic growth in Albania.

Lack of Resources and Management Capacity

The deficiencies in education, health, economic assistance, infrastructure, and public security have root causes that are inter-related. In each of these sectors, political leaders, national managers, local government managers, local government employees, and citizens complain about shortages of funds. Budgets are too low to support existing facilities and government employees. The mayor of a municipality says, "The municipal budget is supported by the state budget, by local taxes and income from other sources. We cannot afford the numerous socioeconomic problems that we have inherited for successive years with the budget we have." One education administrator says, "The funds to pay teachers' salaries comes from the state budget. Despite the fact that one-third of the budget goes for education, teachers' salaries are still much too low. The average salary of a teacher is US$80 per month and this is too low to motivate them properly." The low salaries and lack of investment in facilities maintenance cause personnel to leave and demoralize those who remain. A teacher describes the link among salary, morale, and service quality: "Before, the government obliged us to knock on the student's house if he did not come to school. We had groups who checked our performance time after time, and if we were not found to work properly we could be sacked. This is no longer happening. Now the market economy offers more chances for employment and our motivation is poor, so our commitment is low, too."

Poor infrastructure combines with the low salaries, dilapidated facilities, and insufficient operating budgets to drive people to migrate. The shortage of personnel to deliver services, in turn, exacerbates the budget shortages. Additionally, the mass movement of people significantly complicates management of government services. Government agencies operating locally are overwhelmed. A social services director in one district points out the mismatch between demand and government capacity: "This little sum does not give the government the right to claim that it is helping poor families." A manager at the national level agrees: "The National Employment Service is a state institution that implements employment policies, but it cannot cope with all the employment problems our society is facing."

Government management practices also contribute to lack of resources. The national government approves laws and mandates without providing the funds to implement them. Local officials who should be accountable for efficient expenditure have, in fact, little control over how money is spent. The mayor of a major municipality scoffs at his inability to manage his own budget: "For two years now people talk about fiscal decentralization but there haven't been any changes . . . . The municipality must enjoy more rights. . . . All the regional departments are under the dependence of the prefecture. For instance, a bid is organized for food service at a school. The bid is managed by the education department, and I get the papers notifying me who won the bid and where to send the money."

In addition to blurring accountability for program performance and budgets, the current system slows decisionmaking. One leader in a central district summarizes the delay in implementing land policies due to confusion over decisionmaking powers: "[We are a] hostage to politicians in power. [Land] has been changed from cadastral land into a "tourism area," pursuant to a decision of the Council of Ministers. But because of the government's indifference, [the] environment is being totally destroyed and fights for occupied land continue."

The process of decentralization will greatly influence the government's capacity to manage resources. So far, decentralization has been implemented slowly in many locales. Over time, its implementation could cause many problems. In some cases, central authorities may exert more authority than local officials feel is appropriate, as indicated by the statement of the district leader presented in the previous paragraph. In other cases, as presented in the chapter on economic assistance, local officials may not be equitable in administering national-level programs, or use their authority improperly for seemingly political purposes.

Decentralization, however, is also improving government responsiveness and efficiency. Some locales have begun to collect revenue required to implement the many aspects of decentralization, and cities have started to receive additional funding from the central government as part of this process. According to a leader in one such city, "Last year the funds given to us by the central government increased 30 percent . . . . We invested it in new power generators and in refurbishing our school . . . . I believe that this year the funding will increase by another 30 percent . . . We are thinking about building a central market." The citizens of this city have the same problems as citizens in all areas, and because of decentralization, their leadership is able to quickly invest central government finances to address these problems.

Despite the perceived shortage of resources to adequately fund basic government services, a large number of people who can afford to pay taxes do not yet pay them. Fifty percent of respondents who indicate they are "average" economically and earn enough to purchase major household items say they do not pay taxes. Twenty-eight percent of the wealthiest 10 percent of the population – who can afford a car, a second home, or additional land – acknowledge that they pay no taxes. Some people who make as much as US$30,000 a year, about 37 times the average per capita income, also say they do not pay any taxes. There is room for the government to improve tax collection to finance solutions that the vast majority of Albanians say have been needed for a long time.

According to citizens, government officials, and others with experience with the central government, some government agencies also lack basic procedures, resources, and attitudes needed to manage efficiently. Several knowledgeable Albanian citizens say it is common to search a certain café or restaurant at mid-morning or mid-afternoon when a certain official cannot be found in his office. One private individual describes a months-long delay in paying some farmers for land the government purchased: "The manager said they were paid. When we asked for the paperwork showing this, he just repeated that they were paid. After a few days of back and forth, his secretary was prompted finally to look for the records and could find none. So the manager finally acknowledged that the farmers had not been paid. If he had just looked months ago when the problem first arose, the farmers would have been paid then." Another individual observes how even basic office supplies could help improve efficiency: "Papers are everywhere. Nothing is organized and it takes forever for someone to find anything. If staples, paperclips, and file folders were used, you would probably see a 10 percent increase in productivity right away."

People's Perceptions of Government

People frequently lament these government deficiencies, and many say that unresponsive and inadequate government, including lack of public order, is a major cause of their difficulties. They believe that only unemployment is a greater problem than inadequate government.[52] Their evaluation of how government works is shown in Table 9 below.

More important, people overwhelmingly do not trust government officials and are tired of paying bribes to them. They agree with the statement that, "informal payments to government officials is a problem," more than they agree with any other. A 45-year old resident of Elbasan is one of the 91 percent of Albanians who feels that corruption is the country's biggest governance problem: "No political party cares about us. When we need something, they ask for money. In the previous regime, the state obliged us to take our children to school when they became seven years old. Now nobody cares. There is no sewerage system in our area, and nobody cares. The municipality takes the aid that foreign NGOs want to use to help us. They are even cutting short the economic assistance for us. In our area, we live on aid and emigration. We get used clothes in Greece and sell them here. We pay a lot of money in customs for those used clothes." Another citizen sounds a refrain common in Shkodra and other northern districts: "If all the political parties sit together to settle their disputes, the situation would be better. There would be less corruption and more jobs. The political class is to be blamed for the bad situation we are living through. There has been lots of aid for us but it has all been stolen. Law and order is weak. The World Bank is said to make investments but I do not see where this money ends up. With this money, 10 percent of the people can make a better living. When the Socialist Party is in power, it is a fact that its favorite regions get money and investment."

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[52] Fifty-three percent say lack of employment is the most important cause of their difficulties, while 24 percent say government/public order is the most important problem.

Table 9
People's Evaluation of How Government Works (percent)

	Totally Agree	Agree	Disagree	Totally Disagree
Informal payment to government officials is a problem	57	34	4	5
Works too slowly	44	42	11	3
Don't trust government officials	42	33	15	10
Too bureaucratic	41	37	12	9
Don't know with whom to talk	37	27	27	10
Government work has problems	29	55	12	3
Staff not motivated	21	23	31	25
Government works well	6	15	35	44

Source: Authors' compilation.

Only 25 percent of people appear to trust government officials. People in all areas generally lack confidence in government. A resident of Ksamil, Saranda laments the lack of action by government and professes his lack of trust in government officials: "The state has done nothing to support this area . . . . If there was some investment, it could be one of the best tourist resources in the country. . . . The local government has done nothing to improve the infrastructure situation . . . .We have lost trust in the state."

People do not offer their opinions without some direct experience with the government. Direct interaction with a government official or agency occurs regularly for many people – 24 percent say they request help from a government agency monthly, 18 percent request help at least once a year, and 37 percent have requested help intermittently over the past decade. Only about 21 percent say they have never asked for help in the past 10 years. These results indicate that most citizens are aware of government activities and practices and that their widely held opinions of poor performance and corruption are likely based on first-hand experience.

Many people are also involved in the political life of the country, but they feel their involvement has little or no impact on government. Table 10 indicates that most people have voted, participated personally in discussions at public meetings, or expressed their views through an organization to which they belong. Most people participate through referenda and elections (89 percent), while fewer are actively involved in public discussions (42 percent participate in them at least sometimes) or an interest group or other organization (only 35 percent belong to one). However, few people say they rely only on government officials when they make decisions about their community or village.

Table 10
Involvement in Community Decisionmaking (percent)

	Always	Quite Often	Sometimes	Rarely	Never
Participate in referendum/election	62	12	15	6	5
Participate in public meetings	4	13	25	23	35
Represented by an organization	10	15	10	10	55
Rely on judgment of leaders	5	14	24	29	27

Source: Authors' compilation.

A majority of respondents perceive that they are involved in the political life of their community. However, they believe that political parties and politics have little or no impact on their life. A woman activist in Tirana believes, "I have definite political beliefs . . . . I have followed some leaders and participated in meetings with them . . . . I no longer believe in the politicians . . . . I don't think the next elections will bring anything new." As shown in Table 11, 87 percent of respondents agree, saying that politics and political parties have no impact or only a small impact on their life.

Table 11
Impact of Politics and Political Parties on My Life (percent)

	Large Negative Impact	Small Negative Impact	No Impact	Small Positive Impact	Large Positive Impact
Kukes	5	19	45	31	0
Shkodra	31	7	51	11	0
Mirdita	2	10	55	33	0
Kurbin	4	11	77	4	4
Gramsh	7	9	55	30	0
Tirana	9	9	52	26	4
Mallakastra	9	4	55	32	0
Vlora	0	21	9	50	21
Saranda	9	9	29	49	4
Korca	6	21	38	19	17
Total	**8**	**12**	**47**	**28**	**5**

Source: Authors' compilation.

One of these 87 percent is a resident of Drisht village in Mirdita: "We are mainly on the Left . . . . The next elections won't change anything . . . . We had great expectations but we have seen nothing. The politicians ask for votes, make lots of promises and then they forget about all those promises and about our sufferings and problems." Showing his clear frustration, a head of a poor household in Gramsh repeats the same views over and over: "The government does nothing to help poor families . . . . The politicians make a lot of promises but they never do anything . . . . Nothing has been done in Gramsh so far . . . . We have voted . . . but not any more. Nothing will change after the elections. It is vain to go vote when nobody cares for us. They think of us only when they need our vote."

These views about elections, in particular, are held by a large number of people. No individual said (s)he believed that elections mattered, and many people stated explicitly that elections do not matter.[53] Arben, a man from Korca who says he has voted in every election, explains, "We don't have any confidence that the government will solve important problems. Elections are not going to change anything because different parties have been in power and nothing has changed during this time. I have voted, but I don't think it has led to anything. "

Civil Society

People in all the study sites generally want a capable government that solves problems and creates opportunities. A combination of factors – inadequate government presence, poor management of government functions, corruption, and lack of confidence that elections will change conditions – has created a vacuum of authority in parts of Albania. In certain rural locations, particularly in the north and east, there is no functioning government. In these areas, institutions such as extended families/clans are filling the gaps of authority and, in some places, ethnic minorities are requesting the help of foreign governments to fill the vacuum. But these institutions are limited in their ability to address the wide range of people's needs. Further, Albanians' wariness of other groups in general – other families, ethnic groups, and religious groups – fragments civil society and confines non-governmental solutions to local areas. Fortunately, this cautious attitude among Albanians and minority groups toward each other does not appear to portend future ethnic conflict (see discussion below and Table 12).

Filling the Vacuum

Two forces are rising to fill the vacuum of government authority – the traditional fis structure, and the small, ad-hoc aid programs of foreign governments and private organizations in some eastern parts of the country. The programs of foreign governments in Korca and Saranda are intended as economic assistance, but in some cases, they fuel the expectations of local minorities for larger programs and more comprehensive help. In some instances, as discussed below, the minorities in Albania look to foreign governments, rather than the Albanian government, for basic solutions to their problems.

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[53] The opinions expressed in the focus groups and interviews on elections are consistent with the survey data presented in Table 11, but differ sharply with other survey data that focus specifically on elections. The survey data that focus specifically on elections indicate that 59 percent of people say elections have a "small" or "large" positive impact on their life, and 8 percent say they have a "small" or "large" negative impact on their life. Only one-third of respondents feel elections do not impact their life. However, because no individual in any of the 40 focus groups and more than 100 interviews expressed the opinion that elections matter, and because of the results presented in Table 11, the results of the survey question addressing the specific issue of elections are discounted.

The Vacuum Left By the Albanian Government

"We prefer Macedonia because we speak its language and the authorities do not present hindrances for us to get a job there. Besides, each family in this area is given a Macedonian passport and through a request addresses the embassy of this country in Tirana for citizenship. We go to Macedonia with visas gratis. . . . Considering ourselves Macedonians we have asked the Macedonian authorities to help us with electricity because the power is very low, for asphalting the road along the lake to the border, for drinking water, which we get only two to four hours per day, and for a sewerage system . . . . Education is widespread in all the villages. There is a high school in our village. Classes are taught in Albanian, while in the eight-year school, classes for separate subjects are conducted in Macedonian. All the teachers are local residents. There is a hospital in Liqenas . . . [that] needs capital reconstruction. All the residents in this area were given agricultural land, 2-5 dynyms per capita. This land cannot be irrigated because the irrigation system that was built before was destroyed . . . . From this land only 30 percent of a year's expenses can be covered . . . . The other part of the budget is covered by emigration and by selling sheep and cows. Therefore, one or two members of each family move temporarily to Macedonia, mainly from April to October. " – an Albanian citizen in Korca

The fis is even more important for filling the power vacuum. An elder in Mirdita describes authority there: "I am elected elder of this village. The water resources are distributed according to the old traditions, based on the fis. Here things are settled based on the fis, not the state. My fis is composed of my uncle, first cousins, and also fourth cousins. When there is discord that involves injuries . . . it is not the state that gets involved to resolve the problem, but the wisest of the elderly men in the fis. We discuss how to resolve the problem and develop a consensus. Then we make the decision and the problem is resolved."

Re-emergence of the Fis and Canun. A fis is a group of people descended from the same great grandfather. This extended family is bound together tightly by tradition, culture, and a set of rules called the Canun, which were formalized by Lek Dukagjini in the 1400s. The Canun withered under Communism but has resumed governing importance in some areas. As Remzi, a fis elder in Kukes, explains, "The Canun is now starting to function because the government is weak . . . and the government's laws are not being properly implemented by the state." Fis in some areas are now using the traditional Canun, or a modern variation of it, to govern themselves. As noted in the chapter on agriculture, issues of land reform, land use, irrigation water distribution, and other matters are being determined by the fis structure using the Canun as the basis for decisions. Enver, a head of a commune in Shkodra, notes, "The fis has been vested with new powers. Even the division of land has been done according to decisions made by the fis." The fis structure and the Canun are also being used for dispute resolution in matters ranging from divorce to murder. Jemin, a teacher in Kukes, observes, "Before, it was the government that solved these problems in Albania. Now it is the fis that takes care of them. . . . There is a lack of confidence in the government to solve problems. This is the reason the people are using the fis."

Fis are found primarily in northern rural Albania (Kukes, Mirdita, and Shkodra), but they also exist in the highlands of Korca and among Roma populations. The Canun is used where the fis are strongest – usually in rural areas with little government presence and harsh economic conditions. Its use in urban areas where the government is present is rare or non-existent.

Fis Governance. In each village, there may be as few as 3 or as many as 10 fis. As noted earlier, a fis is defined as a group of those people who descend directly from a common great grandfather. In practical terms, each fis comprises three to four generations. The number of people in each fis can range from fewer than 10 to more than 500 people. The selection of leaders within a fis varies, but there are some common practices. Each fis is led by a male who is elected by other males in the fis. Often the elected leader is the oldest active male, who is responsible for setting and enforcing standards of behavior. He usually does not make important decisions alone, but in consultation with other respected males in the fis, including brothers and sons, and extending to cousins. According to one elder in Mirdita, "We have a large fis, but if there is an important problem, only 10 of us gather to discuss it." An elder in Shkodra notes, "We do the work on a voluntary basis. We do not get paid for it."

Relations Within and Among the Fis

"When someone in our fis makes a mistake, even if he is 40 years old, the entire fis gets together and orders him not to commit further mistakes and put shame on us all. This is our way to preserve tradition. There are seven or eight fis in the village, and we are in competition with each other to be the best one. When one of us makes a mistake or commits a crime, the entire fis is humiliated and its reputation is hurt. . . . When I have disputes within the fis, I try to resolve them within the fis. But if I cannot do so, I sometimes will invite an elder from another fis to listen to our problems and provide mature judgment. And if we do not get a satisfying result from this, we address the problem to the committee of elders in the village." – Hamit, an elder in Shkodra

Matters involving an entire community or village are addressed by a committee of elders, with each fis represented on the committee by at least one elder. Where the government is present, the committee of elders can present persuasive opinions, but the commune or village leader makes the decision, and he is usually a member of one of the political parties. According to Luan, an elder in Kukes, "When we have a problem, we speak with people in our fis. But it is the commune chairman who decides everything." Sometimes this person is not respected by some elders, as is the case in one village of Kukes. "We have the village head. Before the cooperative system, we elected the person who was the wisest, smartest and most knowledgeable. But now, the election is based on different grounds."

In some areas, a hybrid of local government organization and the fis governs. According to an elder in Shkodra, "When people do not listen to us, we use the Canun to determine what to do, but now the Canun cannot be fully applied because the law forbids it . . . . Now we catch the wrongdoer and take him to the police. They apply justice and usually this prevents them from committing more crime." In other cases, the committee of fis elders comprises the same people who run the commune or village, so the fis and the government structure are run by the same people.

Where the government is totally absent, the committee of elders governs without a government institution by managing common work and the relationships among the various fis. In these situations, the committee of elders uses some version of the Canun to set rules and govern. According to Preng, an elder in Mirdita, "I am the elected leader of the fis. . . . Here, things are settled by the fis and we do not rely on the government. My fis is composed of my uncle, first cousins, and also fourth cousins. When there is a dispute that results in injury, it is not the government that gets involved but the elders who get together and decide the fee. A committee of elders, with the wisest men from all the fis, discusses the problem and resolves it based on consensus. When the fee is paid, then the problem is considered resolved. . . . If the criminal has no money to pay the fee, then he is killed. The fee depends on the issue and how events happened. When there is a dispute in the village, we do our best to resolve it fairly so that it doesn't happen again. To this end, each fis has a member on the elders committee." As detailed in the section on minorities, Roma fis also govern themselves without much interference or support from the government, even in urban locations where the government has a strong presence.

Applying the Canun. The application of Canun varies by fis. A few apply the traditional Canun, even though they recognize its shortcomings. They feel that, despite the traditional Canun's weaknesses, it is the best solution in the absence of government. In one area of Kukes, an elder describes the Canun as "unprincipled and not as fair as the laws. It is very tough and incites disputes and revenge. For instance, according to the Canun, if someone hits you, then you have the right to kill him . . . . It has some very precise rules, though in today's society it is hard to implement the rules. . . For instance, the Canun does not allow my daughter to bring bread or coffee in the room when guests visit. Women must wear a scarf on their head. A stranger who is visiting your house must not shake hands with your wife or daughter." The Canun has returned to an extent that blood feuds have re-emerged. In some areas, such as Shkodra and northern Kukes, families reportedly are confined to their own homes to protect themselves during a feud. In these cases, friends and neighbors bring them food because the family cannot grow their own food or otherwise work while feuding.

Despite the use of traditional Canun rules in some areas, most fis have adapted the Canun to better fit, in their view, the values of the modern era. Preng, an elder in Mirdita, leads one such fis, believing that the traditional application of the Canun is outmoded and problematic, particularly in regard to women and feuds: "If we followed the Canun of Lek Dukagjini, we would have many problems in the village. What we try to do now is combine the old tradition with new ways. Our basic principle is that it is harmful to make enemies. Behavior depends on families. The Canun is used when there is no law and order. There are many gender issues here. Women are not respected. Women get married on the will of their families and nobody really cares to consider their thoughts or aspirations for life. Nevertheless, when women make a mistake, they are pardoned." These fis accommodate women more, not requiring the outward symbols of differentiation such as strict gender separation and head scarves. However, as will be detailed in the section on family relations, women have become subordinate in many areas, particularly where the fis fills a vacuum in government. The committees of elders of these fis are less accepting of families avenging crimes on their own, preferring instead to spend more time mediating disputes and applying their own punishments.

Dispute Resolution and Other Functions. The fis have assumed responsibility for a number of functions, perhaps none as important as dispute resolution. Disputes occur primarily over economic interests. According to an elder in Shkodra, "Quarrels happen for many reasons, such as land, water, and irrigation. Some people have occupied pieces of land and built houses there. The owner of the land quarrels with them, and sometimes they may even kill each other unless they enlist us to help them settle it. I say that the people who took the land either pay for it or sell the house and then build a new house on their own land."

The need for such dispute resolution increased after 1990, due to new freedoms and disputes over property rights, just as the government's ability to resolve such disputes began to decline. The basic issue of law and order, perhaps more than any other function, caused people to resurrect the fis dispute resolution function. According to an elder in Shkodra, "After 1990, conflict increased compared to the time of my father. The Communist regime caused many fights because it took land from its owners and distributed it equally to everybody, and encouraged people to construct houses on other people's land. Under the Hoxha regime, there were no crimes. But opening of the borders and the introduction of television gave people a chance to see criminals and murders, and the youth were apt to become evil. This harmed us a lot. Another reason [for the increased crime] is the spread of alcohol among young people." But, as noted earlier, the number of new conflicts over property resulting from land distribution has declined in the last several years.

Dispute Resolution

"The elders have tried to calm down problems to avoid bloodshed. Even in cases of bloodshed, we try to reconcile people whose feuds have confined them and their entire families to their homes. When the elders mediate, both sides meet, kiss each other, and stop the quarrel. Reconciliation exists all over Albania and Kosovo. We try to convince people to agree and forget. Sometimes we visit each side more than 10 times before convincing them to meet and shake hands. For instance, I was friends with the Hajabs and Hapias, who quarreled when the agricultural cooperative still existed. One member of the family was killed in 1980. The court sentenced the killer but he was released from prison in 1991. So we intervened to reconcile both families. Now, they are friends and have even had marriages between them.

Over the last 10 years I have contributed to almost 100 cases of reconciliation. We have been more successful than not. They listen to me. I am fair. I measure my words and treat both sides as if they were my children. My father and my grandfather played the same role in their time. I have worked to reconcile blood feuds for 10 years." – An elder in Shkodra

The fis address a number of other issues where government is absent, ranging from water supply and irrigation to land reform, settlement of economic disputes, and judging alleged criminals. As noted in the chapter on agriculture, people in urban areas feel that the fis' management of irrigation water distribution has been effective, and fis elders generally agree, despite acknowledging some difficulties. Keti, a teacher in Kukes, says about potable water distribution by the fis, "They act the same way for drinking water. They join the water pipes together so that each household in the fis receives water." In Mirdita, the government depended on the fis to distribute land during land reform. It may be no coincidence that two-thirds of the people in Mirdita say that land was distributed fairly in the region, a far higher percentage than in any other region. A fis also tries to ensure that every member has basic necessities. A member of a fis in Shkodra says, "The fis tries to help the poor" and those suffering a disaster such as a fire. Members of the fis provide food and help families with repairing their homes and, if necessary, provide temporary shelter. An elder in Shkodra explains, "We have an average economic situation . . . .There are families who are poorer than we are. There are many families who get their daily bread on lists. We give them something to eat."

Source of Power. The principal source of power for a fis is its moral standing among the other fis. An elder in Shkodra says, "Our moral force and authority derive from good behavior." This moral standing is built over generations. Fis that historically have been strong are more likely to enjoy power now. An elder in Shkodra says, "Blood is never forgotten. Mother and father have one name. Blood has one name. After 20 or 100 years, the blood of mothers and fathers is not forgotten."

Moral standing is judged according to the behavior of the members of a fis. Living according to the laws set by the fis, working hard, being kind and gracious to both neighbors and strangers, showing generosity to others, and having a family that is free of conflict are some of the criteria by which fis judge each other. An elder in Shkodra explains, "A good man, according to the Canun, is one who works, is wise, is loved by everybody, who does not humiliate anyone, and who pulls his family together. A bad man is one who does the opposite. The good fis are polite, have culture, and use common sense. A bad fis is not able to run its own affairs properly, let alone enjoy proper relations with other fis." An elder in Kukes, who asserts that his family is the "best" fis in the community, describes similar criteria for judging a fis there: "My grandfather was known as the representative of the best fis in the village. Now we have 20 families in the village and maybe someone from our fis has committed some wrongs, but we still enjoy the reputation of our generosity and hospitality. For instance, if I see a stranger passing by on the road, I invite him to visit my home and have coffee with us. I preserve the reputation of the fis. When I visit my neighbor, I make a contribution. When he visits me, he makes a contribution. When someone asks to marry my daughter who does not come from a well-respected fis, I do not permit my daughter to marry that person."

Marriages among members of the same fis are not permitted, even when the two people are seven or eight generations removed. Because one must marry someone from another fis, all marriages involve fis politics. Marriage is very important to determining the stature of a fis in the community. Much time is spent determining the suitability of various suitors, based on the reputation of the fis and the perceived behavior of the prospective bride and groom. Because the reputation of the fis is important to power relations in the community, a woman has little influence in selecting her husband. According to an elder in Kukes, "Couples are engaged not through love, but through a mediator. A representative of the man visits the young lady's family to discuss the marriage. The family discusses the suitor's family and makes a judgment. This process can take two or three months before a decision is made. There are some families that ask the young lady or her mother if they agree to the marriage, but in most cases they are not asked."

Weddings and funerals serve as important barometers of power among the fis. According to the elder in Kukes, "When we have a wedding ceremony, all the fis participate and they give a sum of L1,000, but no more, to the couple as a contribution. This amount applies to both rich and poor in the village. But those who are close friends contribute L5,000, or bring a nice gift such as a dress." Weddings, therefore, are an important opportunity to learn the importance of one's fis to members of another fis.

Funerals are also important opportunities to judge the standing of various fis. People look at the number of mourners who attend to determine the standing of the deceased and, by proxy, the standing of his/her entire fis. An elder in Shkodra describes the assessment: "When somebody from the village dies, our fis pays homage and has coffee at the home of the deceased. We give money to the family based on what we can afford, sometimes L100 and other times L200. All the inhabitants in the area participate in the funeral, about 1,500 to 2,000 people. We respect the dead more than the living. But the respect depends on the type of behavior the person exhibited during life. For instance, if he was not a good person, then few people, or only his family, attend his funeral."

The fact that most fis are relatively poor means that more emphasis is given to moral standing than material wealth. As described by some elders, the practice at weddings and funerals is for each fis to contribute a similar amount (L100, L200, or L500) because everyone is relatively poor. Those who are closest to the fis of the bride, groom, or deceased, or who can afford more, are expected to contribute more. Those with many resources who do not have a good reputation among other fis are not selected as leaders and do not have much influence in decisionmaking. According to one member of a fis in Korca, "One of these guys has L40 million but nobody elects him as the leader because he is very selfish and does not care about others."

Temporary Coping. The fis are exhibiting strong social capital by filling the vacuum left by government with their own form of governance based on the Canun. Although fis leaders acknowledge their efforts are less than perfect, they feel they have succeeded in providing some semblance of order and stability to areas that have no effective government. However, the accumulation and maintenance of authority and the ways authority is exercised by the fis place a premium on trust and on local knowledge of individuals and their families. These requirements of trust and local knowledge can potentially make it very difficult for those outside the system to interact with it or within it. Consequently, the rise of fis governance in an area can make it more difficult for the area to cooperate with institutions, organizations, and networks from elsewhere, including those of the central government.

However, the evidence in areas governed by the fis, especially in the north, is that fis elders want to create links to local government organizations and institutions. Where these function adequately, fis governance does not appear. Where government functions, but does so inadequately, the elders have filled in the gaps with fis structures, meshing their own institutions with those of government. Thus, the fis structures usually do not compete with government. In resurrecting fis structures, the elders are merely coping with the absence of government. They prefer that government would, with their participation, develop programs, enact laws, and implement them in their locales. An elder in Kukes says, "If the state were here to help, the fis would not be needed. I prefer that the state take the responsibility to resolve conflicts because it takes up so much of my energy." An elder in Shkodra agrees, asserting that, "government laws are much preferred to this. We are doing this only because the government is not doing it."

Wariness of Other Groups

The re-emergence of the fis highlights the importance of family structures in addressing problems formerly handled by government. But the importance of family is not limited to northern districts and Korca. People throughout the country feel that family affiliation is an important factor in choosing their friends and neighbors. Ethnic and religious affiliations also affect relationships within and between communities. As a result, these groups tend to be wary of each other. Table 12 details people's attitudes toward their neighbors.

Table 12
How Would You Feel about Having the Following Types of People as a Neighbor? (percent)

	Same Family/Fis	**Different Family/Fis**	**Same Religion**	**Different Religion**	**Same Ethnicity**	**Different Ethnicity**
Prefer strongly	59	6	19	3	13	1
Prefer	18	14	33	14	31	3
Doesn't matter	16	59	42	52	46	46
Do not prefer	5	19	4	21	7	21
Strongly not prefer	2	2	2	10	3	28

Source: Authors' compilation.

About 77 percent of people prefer that their neighbors are members of the same fis or family, with 59 percent strongly preferring it. About 52 percent prefer that their neighbors share the same religion, while about 44 percent prefer that neighbors are of the same ethnicity. It appears that family affiliation is more important than religion or ethnicity in determining feels about neighbors.

These attitudes do not reflect an opposition to other groups. Many people say they have generally positive feelings about having members of other groups as neighbors. Nevertheless, there is a significant minority of people who prefer not to live near such people. It appears that, for those who prefer not to live near members of other groups, ethnicity is most important, followed by religion, and then family.

The fact that a significant minority of people dislike living near members of other families or groups does not automatically lead to conflict. Two-thirds say they talk to or interact with a member of another ethnic, religious, or family group living near them at least once a week. Fifty-three percent say they interact on a daily basis. Of those with at least weekly interaction with other groups, 71 percent say relations are "perfectly fine," while 17 percent report feeling minor tension but nothing serious. For most people, attitudes about other families, religions, and ethnic groups represent a wariness and underlying distrust of others rather than open hostility.

In some cases, the distrust leads to some type of conflict. Nine percent report experiencing "important disagreements" with the individuals or groups with whom they are in regular contact. Five percent try to resolve their problems themselves, while three percent feel they need a third party to help them resolve their disagreement, and one percent specifically want government help. Two percent are not trying to resolve their differences. The instances of feuds detailed earlier are likely initiated by some of those who are no longer trying to resolve their differences or who require a third party to help resolve their problem.

The civil society that either shares space with government or fills a vacuum left by government comprises a series of groups that are wary of each other and sometimes conflict. Consequently, there are few informal institutions, organizations, and networks that cross large geographic areas. Those that do exist, such as the emigration networks into Greece and Italy, are based on single extended families or single local communities. So while informal institutions and organizations are significant assets, they may be limited in their capacity to address problems across different families, religions, and ethnicities.

Ethnic Minorities

Ethnicity is not a critical factor in determining relationships for a majority of people. However, it is important for a significant minority. What is the status of ethnic minorities in Albania?

Albania has a number of minorities – Greeks, Macedonians, Vlachs, Montenegrin Serbs, Romas and Evgjits. The size of minority populations in Albania is unclear. Albanian government data indicate that minorities comprised about two percent of the population in 1989.[54] Other public sources indicate that ethnic minorities comprised about five percent of the population in 1995. The size of individual minority groups is disputed by the Albanian government, leaders of each minority community, and neighboring countries. The household survey used for this study is too small to estimate with any precision the number of each minority. Additionally, one of the criteria for selecting the 10 sites is that they have minority populations. Further, some groups migrate more than others. For these three reasons, caution is required in assessing the following figures. The survey indicates that minorities comprise about 7.5 percent of the population (250,000 people) in the 10 study sites. Romas were the largest group in the sample (2.4 percent; 79,000 people), followed by Greeks (1.4 percent; 46,000 people), Vlachs (1.1 percent; 36,000 people), Macedonians (0.7 percent; 24,000 people), and others (1.8 percent; 65,000).

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[54] INSTAT (1991). Updated population figures await completion of the national census.

Most groups are located along borders with their countries of origin. Greeks live mostly in southern areas, Macedonians tend to live in eastern areas, and Montenegrin Serbs live primarily in the northeast. Vlachs live mostly in southern areas such as Korca, Saranda, Gjirokaster, Delvine, and Permet. Romas are spread throughout Albania, primarily in Tirana, Korca, Levan, Fier, Lushnja, Shkodra, and Elbasan.

Each group faces different conditions. Some minorities are organized into associations, which in some cases help them work with the government on various matters and policies, and provide some forms of social service. The Greeks, Macedonians, and Vlachs tend to enjoy better conditions than the average Albanian. The Montenegrin Serbs are on par with Albanians, dealing with the same difficulties as the general population faces. The Romas and Evgjits, generally face very difficult circumstances, being subjected to deep-seated social, economic, and political discrimination. Despite these varying conditions, both Albanians and members of all the minority groups often assert that relations among all the groups are good. For most groups, these assertions are likely true, but for Romas and Evgjits, they appear to be more hope wishful thinking.

The Advantaged Minorities. Under Communism, all groups were generally treated equally. But after the revolution some groups took advantage of new opportunities. The Greeks, Macedonians, and Vlachs have used emigration to improve their standards of living, often beyond what the average Albanian achieves. Their family and language connections with their countries of origin have given them advantages when emigrating. As described by Ilia Kuro, Chairman of the Gjirokaster Aromanian [Vlach] Association, "With the introduction of democracy, the position of Vlachs changed. We are now organized into associations and can easily obtain visas. Emigration is a widespread phenomenon among Vlachs. Our economic situation is average or above average."

Montenegrin Serbs. Most of the Serbs are located in the northeast and use emigration and trade, primarily involving Montenegro, to improve their conditions. According to Vladimir, a household head in Shkodra, "Our economic situation started to improve after democracy came, the border with Montenegro opened, and we began trading. Our community now lives mainly on trade with Montenegro." Montenegro, unlike the destinations of the Greeks, Macedonians, and Vlachs, has been preoccupied with questions of sovereignty and war, and its relative instability limits the benefits of trade and emigration for Montenegrin Serbs in Albania. Many Serbs say their relations with Albanians are good.

Romas and Evgjits. Many members of these two minorities suffer destitution – many lack food, clothing, housing, education, and healthcare – due to little or no employment and income, and to lack of attention by the government and Albanian society in general. Some live on the shoulders of roads in cardboard boxes held together with tape and rope. Others are luckier, having a room in a cement dwelling with a wood stove. Most of these minorities held jobs under Communism, but lost them during the reform and privatization of the 1990s. Significant numbers emigrate to other areas within Albania and to foreign countries to improve their situation. Some live on economic assistance and the low wages from several days of labor each month. As detailed in the chapter on economic assistance, many people are not able to obtain economic assistance, and they do, it is very little. But the assistance is a large portion of income for those Roma and Evgjit who receive it. Many also earn money through organized begging, which brings money in the short run but ultimately reinforces the social and economic discrimination they face.

Education levels among these two groups are generally very low. Many are illiterate, and, as the president of the Roma Union says, "Combating illiteracy is the most urgent need, especially for youth who are abandoning schools." Under Communism, the limited ability to move resulted in many Roma attending school. But after the revolution, attendance dropped precipitously. In most cases, Romas do not register their children for school for economic reasons – children are needed to help support the family. Frequent migration to find work also limits school attendance.

The Roma and Evgjit communities are often segregated. In Korca, the entire Roma community lives in one quarter of the city. In Shkodra, most Romas live along roadsides. Both Roma and Evgjit communities govern themselves in way similar to the way fis govern in northern Albania. Some say they want to integrate and be equal, but they also want to maintain a safe distance from general society – out of fear for their safety and a desire to preserve the positive elements of their culture. Reflecting the ambivalence that minorities in many countries feel toward integration, the chairman of the Korca Association of Romas says, "Our goal is the education and integration of Roma in civil society. By 'integration,' I mean cooperation with other parts of society." A Roma colleague adds, "We do not want to vanish, but to preserve our ethnic identity and maintain our best features."

The government's minority policy and laws prohibit discrimination. The Albanian constitution states that all citizens are equal, and the laws on land, property, and social protection do not distinguish among ethnic groups. Education and healthcare services are offered to all ethnic groups, and the government says it intends for service levels to be the same for all Albanian people.

In practice, however, these policies and laws do not prevent common social attitudes, created over many years, even centuries, from keeping some minorities back. According to the chairman of the Human Rights Union Party, "There is no legislative discrimination, but there is psychological discrimination. This discrimination is present and evident . . . in employment and in public administration . . . .The Roma community is the most discriminated against here, and it suffers numerous social problems, but nobody really cares to find a solution for them." Evgjits face similar conditions. Roma and Evgjit leaders say that discrimination against them does not exist, and that relations with Albanians and other groups are good. They point to inter-ethnic marriages and the work these minorities perform for Albanian employers. But some of their own descriptions of their ethnicity reveal the "psychological discrimination" they face: "Our difference with the rest of the population is that we like to move . . . .We are not thieves. . . .We work. . . .When our ancestors went before God, he asked them, 'Where have you been? You are late.' They answered, 'We were dancing.' Thus, he offered them a stick and told them, 'Here, this is your destiny, to make baskets.'"

Romas and Evgjits also complain about how their children are treated in school. They are often made to sit in the back of the class, separate from Albanian children, and are ignored by teachers. According to one Roma leader, "Our children are looked down upon in school. The teachers do not treat them with affection, so they abandon school." Romas and Evgjits also talk about undue harassment by the police, about difficulties when requesting help from government social service agencies, and other kinds of fears: "We are uncommitted in elections because we are afraid the winning candidate will avenge us if we did not support him." Additionally, leaders and their followers say that ethnic Albanians are hired before Romas and Evgjits. This "psychological discrimination" contributes to the low socioeconomic position that most Roma and Evgjits experience.

Implications. The study did not systematically research the issue of ethnic relations and prospects for ethnic-based instability. That being said, we found no evidence that Albania is likely to experience significant ethnic unrest in the near future. Ethnic minorities comprise a relatively small proportion of the overall population, and individual households of several minority groups are doing better economically that the average Albanian. Additionally, the focus groups and interviews highlighted the fact that a number of minorities feel that their relationships with Albanians and other ethnic groups are excellent. Even the most discontented groups, the Romas and Evgjits, uniformly say their relations with other groups are good. However, the birth rates of Romas and Evgjits are significantly higher than those of other ethnicities, and consequently the difficulties they currently face will become more important as their numbers increase. Failure to address the economic, social, and political discrimination that exacerbates Roma and Evgjit poverty will only make the problem grow larger over time.

Horizontal Organizations and Institutions

The country is generally lacking horizontal organizations and institutions, such as agricultural and industrial cooperatives and associations, that can fill the gaps in government capabilities and supplement the limited geographic reach of family structures and other informal institutions. Most formal economic organizations such as agricultural and industrial cooperatives were closed during the transition, and few new associations, interest groups, clubs, or other local and regional organizations have been created. Those that have been established have small memberships, narrow missions, and limited capacity. The lack of horizontal organizations and institutions is a major cause of unemployment and low income, and also limits ways of coping with the resulting problems.

Because of the lack of such organizations, Albanians have developed informal institutions to cope with their difficulties. Two institutions – informal credit and emigration/ remittances – are critical to families coping with or staying out of poverty. Albanians are using their strong family structures and trust in their neighbors (see previous section) to create these coping mechanisms.

Formal Organizations

Before the transition, the economic backbone of the country was the network of agricultural and industrial cooperatives and work units. They organized supplies, people, and other resources for production. But most were closed during the transition, and the rest sputtered to a halt and disintegrated. As detailed in the chapter on agriculture, people who worked for an agricultural cooperative received a piece of land from the cooperative when it was closed. But the organization and network of supplies, labor, and production could not be replaced. Landholders have attempted to cultivate crops and grow livestock individually, but many are failing. A local leader describes the difficulties individuals in Kukes are having without the old cooperatives and work units: "Land belonging to the agricultural cooperatives was distributed to the villagers and they are planting crops on these little pieces of land, but they lack equipment and automation, which is too expensive. For this reason, the villagers are often in a dilemma about whether or not to plant because the cost of planting is too high . . . . Many forget about cultivating . . . . Before the transition, social cohesion in the countryside was assured within the cooperative."

As discussed in the chapter on industry and employment, a similar phenomenon is occurring with those who once worked for industrial cooperatives and work units. An economic manager in Saranda describes the shutting down of work units without any formal economic organizations being developed to replace them: "Many important industrial units were sold for very cheap prices, such as the juice factory that was sold for two million leks[55] but was never operated by its owners. The fish factory has 10,000 square meters and used to produce canned veal – for 10 years we have had an agreement with a Greek company to operate it, but nothing has been done and all the equipment is greatly damaged. The lamb unit, which was very modern, is now almost ruined." Other examples include the closure of sugar production, herbs, medicine, and trousers. Some units are still operating, but this is much less common. As a leader in Saranda notes, "The carpet factory is not yet privatized and it is very productive."

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[55] L2 million is equal to about US$14,084 at the exchange rate of L142 per US$1.

The networks of people, supplies, distribution and sales were lost during the transition. Even where production remains, the capacity to produce and sell has been greatly diminished without the networks provided by the old cooperatives and industrial units. Associations, partnerships, alliances, and marketing boards did not exist before the transition because of the limited nature of internal trade and distribution within Albania, and these mechanisms have not yet been created. A worker in Gramsh describes the very weak foundation on which agricultural enterprises are trying to build supply, distribution, and marketing networks: "The agricultural situation was absurd because the state policy was to self-supply, to sell all agricultural and livestock products to your own area. That was an obligation imposed on all agricultural cooperatives all over the country, without taking into account the specific conditions and work requirements of each one."

Some areas have made limited efforts to form such social capital, and, in particular, are developing networks of suppliers to support processing and manufacturing. In Mirdita, business leaders are trying to reorganize handicraft production and processing industries, particularly grape processing. Grape products are being sold at markets and to various wine production units. In Gjirokaster and Korca, businessmen have established industrial production, some in cooperation with foreign investors.

But, as detailed in the chapter on agriculture, people in many places are adamantly opposed to establishing the cooperative organizations that could help businesses develop supply, distribution, and marketing networks. Alternatively, they feel these organizations would be useless. As a fisherman in Saranda explains, "We do not know anything about associations. Maybe they can help, but we don't want to get involved with that. What we need is the government to subsidize our fuel, tax imports of Greek fish, and get the police to arrest the illegal fishermen . . . .It is not our job to create an association, it is the government's job to do these things." Other people want to establish associations but they need help, and that help has not yet arrived. As a fisherman in Kukes says, "We want to create a fishermen's association which would help us to resolve our problems . . . . There would be many benefits of a fishermen's association . . . but we need help."

Some non-production/non-business organizations are being established, but membership in these types of formal organizations is limited, as are their missions. A third of household respondents have a family member who belongs to a formal organization of some type – religious, charity, political, self-help, or other. The purpose of such membership is often to obtain information. About a third of the members are pursuing economic needs such as food, money, or help in finding work; and a quarter are seeking counseling, especially members of religious, charity, and self-help organizations.

Actual membership in these organizations appears to be low. A majority of those who say they are members also say they are not registered. Only political societies have registered a majority of their members (53 percent). Fewer than five percent of members say they are active in their organizations. Accordingly, very few pay dues membership dues. About a fifth of members of religious and political organizations pay dues, while fewer than 10 percent of members of other organizations pay.

Because of the lack of horizontal organizations in local communities, people depend primarily on their close family, other relatives, and neighbors to address problems and develop their communities. When asked with whom they work to resolve problems with utilities, jobs, health, education, social events, and security/crime, households widely and consistently said they work with close family, neighbors, and relatives. There are a few exceptions. Religious organizations and NGOs are important to some families in obtaining medicine or resolving problems involving family, social, or religious issues. Government agencies are somewhat important to households in providing information about community activities and events. Government agencies are also somewhat important to families in solving crimes and in matters of security, but households depend more on family members than government to help them handle such issues.

Informal Institutions

The lack of formal horizontal organizations has made it necessary for many Albanians to use two informal institutions to cope with difficult economic and social conditions – informal credit and emigration/remittances. Both are very important to households in their struggle to stay out of poverty or, failing that, to mitigate its impact. Albanians use their strong family structures and trust in their neighbors to establish these coping mechanisms. The number of people migrating and the number of people on shopkeepers' lists is an indication of an area's level of economic difficulty. As discussed in the chapter on migration, people migrate primarily due to bad economic conditions. With regard to informal credit, as discussed below, shopkeepers report that over the past two years their lists have grown and the debts they carry are increasing, indicating worsening economic conditions at the bottom of the socioeconomic ladder. Additionally, emigrants report that crossing the Albanian-Greece border and earning remittance income in Greece has become more difficult. About 60 percent of emigrants go to Greece, so reduced capacity to enter Greece and remit income home could significantly limit income-generating opportunities and reduce the effectiveness of this important coping mechanism.

Informal Credit. The relative lack of formal organizations and networks, such as banks and credit unions, has forced households to rely on informal credit institutions such as "the list" – the list of names that a shopkeeper maintains to track those who have "purchased" products from him or her but have not yet paid for them (see Annex 3 for a copy of a list from Korca district). As noted previously, a majority of household respondents do not have regular salaried income. A household may have no income for three months and then receive a remittance from a family member. To compensate for their irregular income, many households ask their local shopkeeper to put them on the list and track what the household owes until they can pay the debt. They generally buy pasta, rice, potatoes, beans, oil, sugar, soap, detergents on the list, but very rarely fruit and meat. Shopkeepers have been obliging because they know and trust the household, and eventually their trust is rewarded with payment of the debt. Some of the debts accumulated by shopkeepers have become quite large. If the shopkeeper feels that someone will not be able to pay his or her debt, the shopkeeper refuses to put that person on the list.

The list is a poor person's credit card – with zero percent interest. It helps the poor household to use its few resources more efficiently and reduces its risk. As Lisa, a woman in Mirdita, describes, "Conditions are difficult. All you have to do is talk to the man at the storehouse. Most families buy things from him and put their name on the list. When we get the money, we pay him. We pay with economic assistance money but others use money they get from migration. I usually buy flour and macaroni and very rarely chicken or meat. I use the flour to bake bread. I also get beans and cabbage."

The list is widely used throughout the country. Many households report that it is their chief alternative to the government's economic and unemployment assistance programs. When households require more than the government provides or are no longer eligible to receive such assistance, or when assistance somehow fails to materialize, they turn to local shopkeepers and the list to cope. Consequently, the list is an important indicator of income generation. When employment, income, remittance, and economic assistance levels decrease, the number of households on the list increases, as does the amount of debt for each household.

Shopkeepers report that, over the past two years, the list has gotten longer and the debts of each household have gotten larger. From these reports, it appears that the conditions of those at the bottom are getting worse. Such a conclusion is consistent with the findings of the survey, which show that 50 percent of respondents feel conditions are worse now than 10 years ago, and that 20 percent feel conditions have worsened during the last several years.

The lengthening lists and increasing debt held by families is beginning to stress this informal coping institution. Some traders are suspending the practice and others are no longer accepting new people. A man from a Kurbin village is one of the unfortunates who has been cut off from using the list: "We sleep six people in a single room . . . .We have no difficulty finding clothes because there is a market for very cheap clothes in town. But we do not have enough food to eat. We seldom eat meat, fruit or sweets. . . . . We used to shop using the list . . .but now the shopkeeper won't sell us anything because we have not paid our previous debts . . . .Our house has no water. . . . I try to find casual work and we are trying to get jobs for our kids." Some of these households are coping by finding new shopkeepers and "purchasing" goods on their lists. Some families are on three or four lists with different shopkeepers. Many shopkeepers know and tolerate this practice for now. But if the length of the lists and the per capita debt of those on them increase, such tolerance is likely to end.

Remittances. The other critical informal institution is migration and the resulting remittances. As detailed in the chapter on migration, strong family and communities ties support the remittance economy in several ways. Migrants and émigrés usually will not leave home unless their family is secure. This requires confidence that other family members or neighbors will protect their family and property. It also requires confidence that the family can manage the household and land adequately without the migrant.

Ties among family and friends also help the migrant reach his destination. Migrants travel to cities that are wealthier – often to a city where a relative or friend can help situate him once he arrives. Émigrés also require help in obtaining visas, either legally or illegally. Legal papers are difficult to obtain, particularly for the poor, who cannot afford the wait or the cost of getting a visa legally. For a poor émigré, the relative or friend in the destination city is often critical in helping him get illegal papers or successfully cross a border with no papers. The émigré-friend/relative relationship must involve sufficient trust. Getting caught crossing a border illegally is increasingly painful for both parties. And as governments of neighboring countries tighten their borders, the informal migration networks will become even more important to émigrés, especially the poorer ones. Those families without the necessary networks, particularly poorer families, have less opportunity to emigrate, earn remittances, and cope with their economic difficulties.

Family Relations and Female Exclusion

As the importance of the family in coping with the lack of formal institutions has increased, so too have the demands placed on it. Widespread migration, for example, separates families as men and their teenage boys search for work. The separation increases the physical and emotional burdens on those remaining at home, including women, daughters, and the elderly. Widespread unemployment also disproportionately affects women. Although unemployment frees women from the burden of formal work, it also isolates them socially and stresses them emotionally and economically. The physical fatigue many women say they experienced under Communism continues as they attempt to maintain a household under very difficult economic circumstances.

The rise of traditional family structures and values in the wake of the transition also negatively affects women in some areas, sometimes starkly. As detailed in previous sections, some families now physically separate genders in the household, and the status of female household members has been reduced. Many girls, in both the north and the south, are not attending school, especially after eighth grade, due to cultural preferences, economic constraints, and family concerns about their safety.

Female Unemployment

Under Communism, the state guaranteed employment for all women as part of its effort to provide equal rights and opportunities. The state encouraged the idea of the "strong woman" and, therefore, most worked whether they wanted to or not. Conditions were tough for many women, as they were obliged to work 12 hours a day in agriculture or two shifts in industry. At home, labor-saving devices such as washing machines and refrigerators were lacking, leaving women with little free time.

As described in the chapters on industry and agriculture, during privatization most economic units were dissolved without the creation of alternatives. The resulting mass unemployment disproportionately affected women for several reasons. Due to their difficult life under Communism, many accepted unemployment as an opportunity for an easier life at home. As Astrit, a housewife in Shkodra, says, "We had dreamed of staying home. We were dead tired under the Communist system, so we liked staying home for a time to enjoy the calm." Others wanted to continue to work but there were no new employment opportunities. Irena, an unemployed woman in Tirana, says, "I have tried to find a part-time job but it has been hard. I have sold bananas and cigarettes in the market, and I worked as a sales person in a shop for L300 a day. But nothing lasts." Men tend to be hired more often for the new jobs that become available, particularly in village and rural communities. About 56 percent of women believe it is more difficult for them to find a job than it is for men, while only 13 percent feel it is easier.

As a result of these circumstances, only 16 percent of women work outside their home – only 16 percent do. The remainder manage the house. The most common household responsibilities are taking care of the health of family members (83 percent), caring for children and parents (70 percent), and educating the children (70 percent). Additionally, the agricultural responsibilities of women are increasing because so many men migrate. As an elder in Mirdita observes, "The men have left the village to work as emigrants. . . . Women have the greatest burden. They till the land and take care of the livestock." Many women consider themselves unemployed and discriminated against, and believe that one needs a formal job to support the family.

In urban and village settings, dislike of the old system has been replaced by dislike of the new system's insecurity. Some women are particularly concerned about the state of social insurance, which, as detailed in the chapter on economic assistance, is insufficient. Ingrid, a woman in Shkodra, says, "Just think how difficult it is for a woman to grow old, with no physical ability to help her family and, above all, no pension for herself." Additionally, the burdens of dealing with inadequate infrastructure, as described earlier, and talking to government social service agencies, falls largely on women's shoulders. Eighty-eight percent of women say such burdens increase their workload and make life more difficult for them.

Social Exclusion

Because women generally have heavy burdens despite their unemployment, they have little free time. But the free time they do have tends to be spent in ways that continue their isolation. When the electricity is on, many stay home to watch television, which some feel is their best entertainment. Others do go outside the home to meet a friend and talk or shop. One 45-year old woman was attending an English language course to prepare for emigration to Canada with her family.

A number of other social forces exclude women from their community, their families, and the nation as a whole. Without a job, many women have become dependent on male household members, reducing their status in the family and increasing discrimination against them. Some feel they have been left behind over the past 10 years. Manuela, an unemployed economist, says, "The more years that lapse, the more we feel likes slaves of our own homes, and the more we feel excluded from society." Adriana laments, "Even my children do not respect me the way they did when I worked." Other women say that they fear buying even basic necessities for themselves because they must ask their husbands for money, whereas before they had their own income.

Loss of Status

"Previously I complained that I felt too tired, but at the end of each fortnight I brought home my wage, just as my husband did. So we were equal. Therefore, I had the 'moral right' to ask my husband to help me with housework. But now, the exhaustion is the same, the work is as hard, but it is worth nothing. I have no income. I am dead tired. Taking care of the house means endless work, but I am tired, even mentally because of loneliness. Besides, I am tormented by the idea that I am not able to bring money home. I can work but it is hard, or more accurately, impossible, to find a job. What's more, I cannot complain because my husband says, 'Come on, why are you complaining? You've been home all day long. You've done nothing to get tired and complain.'" – Suzana, an unemployed woman in Tirana

Under economic duress and without as much work activity, more men are also creating stress at home for women. Sometimes this leads to family separation. As the director of the Women and Reality Association explains, "What happens in reality? Women, not the men, ask for divorce. The husband does not work, and he uses the economic assistance obtained for the household by the wife to drink at the pub. The children have no bread to eat and the wife gets upset and wants a divorce. Just look at courthouse records and you will see this. Women are in very bad family and economic circumstances."[56]

Younger women and girls are feeling social exclusion due to rising prostitution.[57] Fear of traffickers in prostitution is prompting many households to keep their daughters home, even to the extent of forbidding work in the agricultural plots outside the house or attending school. Ironically, in some cases, these measures are counterproductive. Some young women, primarily due to their isolation, choose to migrate so they can earn income through prostitution. The chairwoman of the Women in Need association says, "I think that prostitution is an expression of economic and social poverty. Many women have told me after returning from abroad, 'Better five years of work in prostitution than staying home the rest of my life in this very remote and poor area where you can't even watch TV because there is no electricity.'"

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[56] The "Capacity and Institutional Assessment component of the Vulnerability Need and Institutional Capacity Assessment (Galliano 2000) confirms that "unemployment can be considered one of the major indicators of lack of autonomy of women and a concurrent cause . . . [of] domestic abuse and divorce."

[57] *Filling the Vulnerability Gap* (La Cava and Nanetti 2000) identified "young women at risk of prostitution" as one of the seven vulnerable groups in Albania.

The reversion to the Canun by families after the collapse of the Communist governing authority is contributing significantly to the social exclusion of some women, particularly in the north and parts of Korca. As discussed in the section on civil society, the Canun forces women to play a very traditional role in the family. Some households do not permit women to be in the same room with the men. According to Maria, a saleswoman in Upper Rreth village in Mirdita, "Now the room for women in my house is separate from that of the men. The women are allowed to enter the men's room only when the men need something. The women are not allowed to talk with guests who visit our house." Some families give away their daughters in arranged marriages at an early age.

Education

Perhaps the most damaging form of exclusion in the long term is in the realm of education. As detailed in the chapter on education, many girls, particularly in rural areas, do not complete the eighth grade.

Social Capital Is Finite

The social capital that enables households, extended families, and communities to form networks to cope with poverty and lack of governance is being strained by continuing economic difficulties. Some shopkeepers report that lengthening lists and increasing debt has, or may in the future, force them to end the list-keeping practice. The absence of household males due to emigration is causing significant emotional and physical stress among females in some households. How long will some households remain united under the pressure of periodic family separations? And how long can the fis fill the gap in government authority, and address deep-seated social and economic problems?

Continued economic and social pressures could damage the remarkable capacity of these informal institutions and networks to cope with economic and social difficulties. Other types of social capital – government organizations and institutions and formal horizontal organizations and networks – need to be created before these informal institutions erode.

XII. DIMENSIONS AND CAUSES OF POVERTY IN ALBANIA

We asked households what poverty means to them. Chapter II gives the definitions of poverty they provided. Respondents consider multidimensional elements of the quality of life when defining poverty – material wealth, family traditions, hope, and emotional well-being. The most basic element of well-being is the ability to feed, clothe, and shelter one's family. We used these basic elements to distinguish four socioeconomic groups:

- Very Poor: those who say they are not getting enough to eat;
- Poor: those who are getting enough to eat, but are not able to clothe their families sufficiently;
- Non-Poor: those who are feeding and clothing their families sufficiently, but experience at least some degree of difficulty in maintaining their houses or obtaining common consumer durable items such as refrigerators or televisions; and
- Relatively Prosperous: those who say they have no difficulty maintaining their households and who purchase cars, second homes, or land.

Table 13 shows the proportion of households that say they fall into one of these groups.

Table 13. Household Characterization of Own Socioeconomic Condition

Characterization of Socioeconomic Condition of Household	Percent Choosing that Characterization for Their Household	Socioeconomic Group
Do not have enough food to adequately feed our household	28.8	Very Poor
Have enough resources to feed household, but difficult to buy clothe/shoes	29.2	Poor
Have enough to feed/clothe household, but cannot afford to repair household items	16.7	Non-Poor
Have enough to feed/clothe/maintain household, but cannot afford expensive goods such as refrigerators or televisions	13.4	
Have enough to buy most expensive household items, but not cars, etc.	7.6	
Can afford to buy the most expensive household items, including cars	2.8	Relatively Prosperous
Have bought, or can afford to buy, a second house or other items such as land	1.5	

Source: Authors' compilation.

Nearly 30 percent of household respondents say they do not have enough food to adequately feed members of their household. A similar number say they can feed themselves but find it difficult to make or purchase enough clothes for their family. Approximately 38 percent say they have sufficient means to feed and clothe their families adequately, but have at least some degree of difficulty affording consumer durable items, and that they are not able to purchase a car. A small proportion of households, about four percent, say they can afford basic necessities, purchase major household items, as well as cars, second homes, and land.

Degrees of Poverty

The sections below profile each group of households and describe how they experience poverty. According to the meaning of poverty provided by interview and survey respondents, two groups of households – the poor and very poor – experience poverty in terms of material deprivation.

Characteristics of the Very Poor

Most of the Very Poor say that poverty means primarily not getting enough to eat, not being able to purchase clothes, an inability to continue traditions that are important to them, and a feeling of defenselessness. To some in this group, poverty means hopelessness and being excluded from social and commercial life. A smaller share feels that poverty involves difficulty in getting information.

Vignettes of the Very Poor

"We cook kidney beans in soup. Meat is unknown to us. We do not know how the children will grow up because they have not eaten meat in the last three months, and we cannot afford to buy fruit for them. We can hardly find money for their schooling, such as books and notebooks." – Ylli, a household head in Shkodra

"We sleep six people in a single room. We do not eat meat, or fruit or sweets . . . maybe we eat them sometimes. We have no water in the house so we go outside . . . . We use the list to shop, but now even the salesmen won't give us anything because we have not paid our previous debts." – Ilir, a household head in Lac

"I bring flour home and prepare bread there. Things are getting better, though. We previously ate cornbread with the remains of milk." – Ramadan, a resident of Lac

"I can tell some students are being fed only with boiled maize, because they do not concentrate." – Nicu, a teacher in Bathore, Tirana

The Very Poor say their principle problems are lack of food, lack of clothing and shoes, and poor water quality. Secondary problems are poor health, psychological stress, and the poor condition of their dwelling. A small portion of the group feels that an inability to obtain healthcare and sewage disposal are key problems. Most of the Very Poor say that all of these problems have worsened since 1990. Two-thirds of the group say that lack of employment is the principal cause of these problems, and that lack of income is the second most important cause. About a quarter of the Very Poor say unresponsive or inadequate government is an important cause of their problems, undoubtedly due to their difficulties with infrastructure and accessing healthcare.

Their diet is spare – they eat bread daily, dairy items and vegetables every other day, rice and pasta a couple of times a week, and meat and fruit at most once a week (many of them say they rarely eat fruit and meat). The quantity and quality of food they eat is causing them health problems, which many feel have worsened considerably since 1990. They also feel that psychological stress and the inability to access government assistance are important causes of their health problems. A vast majority feel "a great deal" of hopelessness, defenselessness, ignorance, humiliation, and fear.

About 87 percent of the Very Poor own a home that they received during the transition and that has a median of $54m^2$ of floor space in two rooms. About 37 percent own some land, with a median area of about five dynyms. Many of this group suffer health problems that they attribute to lack of nutrition. Although more than half own a refrigerator, oven, television, and radio, many of these goods were acquired before or immediately after the revolution. More than half receive remittances, and a third receive them an average of once a month.

Characteristics of the Poor

In contrast to the Very Poor, the Poor say their principle problems are infrastructure related – little or no transportation and electricity shortages – as well as lack of clothing. Secondary problems are the poor condition of their homes and water shortages. Luiza, a woman living in Vraka village of Shkodra, notes her family's difficulties: "I bake bread for my family and I buy wood since there is no electricity for cooking. All the furniture in the house is from before. Now I cannot buy even a new water glass." Some of the group feel that crime and psychological stress are their main problems. They feel that since 1990, conditions of electricity, heat, water, sewerage, crime, and trust in others have worsened. The Poor feel that the main causes of their problems are unemployment, low or no income, and lack of security. Those in rural areas believe that adverse agricultural conditions are also a major cause. Due to their greater concern about infrastructure-related problems, about half the group says that unresponsive or inadequate government is an important cause of their problems.

A Poor Household

"We are poor. . . We receive economic assistance, but my assistance is never more than L800 a month. With this money it is impossible to live for even a week, let alone a month . . . . Look at our houses . . . . We don't have sanitation . . . . A few of us have refrigerators and maybe a washing machine . . . . I do casual work when I can find it. . . .We have land, about three dynyms per family. I have three sheep but no cows . . . .We grow our own food and eat kidney beans, which are the 'meat' of the poor . . . . Some people who have cows make their own milk and cheese. We eat meat very rarely because we save the animals for real emergencies . . . when we need the money we sell them. When I sell a sheep, we can live several weeks on the money." – Lek, a household head in Shkodra

Although they do not complain about getting enough food to eat, the group's diet is not lavish. They eat bread and drink milk every day, and they usually eat eggs. Cheese and vegetables are eaten every other day; and fruit, rice, pasta, butter and meat are consumed twice a week. Consequently, this group has meat, eggs and milk about twice as often as the most impoverished, and also eat fruit and cheese more often. Largely because they have more to eat, they experience fewer health problems than the Very Poor. They say they feel hopeless "a great deal," but suffer other psychological stresses only "moderately" or a "little bit." Getting old, food quality, and psychological stress are the reasons given most for poor health. Many of this group believe that health conditions have worsened since 1990.

About 86 percent of the Poor own a home, which usually has two rooms and is slightly larger ($60m^2$) than those of the Very Poor. About the same proportion (40 percent) as the Very Poor own land, which covers a median of about five dynyms. Many in this group have a television (92 percent), refrigerator (81 percent), radio (65 percent), electric oven (62 percent), and washing machine (57 percent). Many obtained these items before the revolution or at the beginning of the transition, but migration remittances have financed the purchases for many others. More than half of the Poor receive remittances, and about a quarter receive them an average of once a month.

There are several key differences between the Poor and the Very Poor. The Poor have a substantially more robust diet, eating several items about twice as often as the very poor. The Poor experience fewer health problems and psychological stress, and fewer feel their health has deteriorated since 1990. But they are more likely to complain about inadequate access to healthcare facilities. More of the Poor own typical household goods. Finally, their priorities are different – the Poor believe that infrastructure-related shortcomings are the principal problems rather than food intake and clothes, and they are more likely to see inadequate government as a major cause of their problems.

Characteristics of Non-Poor

By definition, the Non-Poor have enough food and clothing, but none can afford a car and some cannot afford to buy other major household items or maintain those items they already own. Their views on major issues, their problems, and their priorities are different from those of the Poor and Very Poor. They define poverty primarily as difficulty getting accurate information, and secondarily as exclusion from social and commercial life, inability to continue some of their traditions, hopelessness, and defenselessness.

The Non-Poor

"We are having a difficult time . . . . But we are okay. . . . My husband's parents live with us and our son and our daughters. Our daughters sleep with our son but this cannot last . But we cannot buy a new house . . . . We bought some furniture for the house." – Ana, a woman in a municipality of Tirana district

"I invested all my income from emigration and set up a new restaurant but the profit is insignificant, less than L3,000 a day. I can hardly maintain my family with this money. Especially this year when the [costs] are going up on advertisement, pavement, etc. If the situation goes on like this, it is possible that I might close the restaurant." – Tritan, an entrepreneur in a municipality of Tirana district

The main problems, according to this group, are heat (shortages and expensive supply) and security (crime, lack of trust, and psychological stress). After heat and security, secondary problems are water (low quantity and quality), sanitation/sewerage, and the inability to access healthcare. Most feel that conditions of crime/trust, electricity/heat, and water and sewerage have worsened since 1990.

Their diet and the degree to which they feel psychological stress are very similar to the conditions of the Poor. Most feel that their health is adequate, and that healthcare is about the same as in 1990, or maybe a little worse. The are more likely to say that the main cause of their health problems is that they are getting old.

Almost all the Non-Poor (95 percent) own a home, which usually has two rooms and is slightly larger ($68m^2$) than the houses of the Poor. More of them (56 percent) own land than do the poorer groups, but the size of their landholdings is slightly smaller (four dynyms instead of five). Almost all of this group have refrigerators (95 percent) and televisions (96 percent); and more than two thirds have electric ovens (71 percent), radios (74 percent), and washing machines (67 percent). A greater proportion own other common household items as well. Additionally, many more Non-Poor receive remittances (85 percent) than do the Poor or Very Poor.

The Non-Poor are significantly different than the Poor. Although they share similar diets and concern for infrastructure problems, they have greater material wealth, including more income from remittances. This relatively greater material wealth alters their perspective on what poverty means and what their priorities are. They are less concerned about their next meal and their general health, and they are more concerned about public security. As one man in the Kamza municipality of Tirana observes, "The security of investment depends on political security. These last 10 years have shown there is no political security." Another adds, "The improvement in living conditions, particularly roads, water, power, and telephones could help us. But things just get worse every year."

Characteristics of the Relatively Prosperous

The Relatively Prosperous are few in number, probably less than five percent of the population. This group, by definition, can afford all its basic needs as well as cars, a second house, or some land. To the Relatively Prosperous, poverty means difficulty in getting information, and only tangentially, the issues that the Very Poor and Poor address on a daily basis. But like the Poor and Very Poor, they feel that the main problems are infrastructure and security. Their infrastructure priorities focus more on sewerage and water, but also include heat (too expensive) and electricity. Matters of crime, trust, and stress are also considered significant by this group.

The diet of the Relatively Prosperous comprises bread, milk, eggs, and fruit daily; cheese and vegetables often; and rice, pasta, and meat every other day. Psychologically, they say they feel hopelessness "a great deal," but are much less likely to feel other emotions of poverty. Most feel that their health is average or good, and that healthcare has worsened only a little since 1990. The main cause of their health problems is getting old. Many own household items such as a car, refrigerator, electric oven, television with satellite antenna, washing machine, radio, stereo, and telephone (mobile). Few in this group receive remittances (only about five percent), largely because they are not coping with difficult conditions the way the impoverished groups must cope.

Coping Strategies

Those further down the socioeconomic ladder are more likely to resort to one or more coping strategies to alleviate their difficulties. Previous chapters have addressed a number of these measures – growing food on household plots for family consumption; migrating and remitting earnings home; accessing government economic assistance; using informal credit provided by many shopkeepers, and the use of collective action by fis and other extended families to leverage family assets and income for the benefit of those of the group most in need. In addition to these measures, families and individuals use a variety of other strategies to cope, some of which are more effective than others. Some affect only those directly involved, while others have broader economic, environmental, and social consequences.

Gathering and Cutting

Some households forage for fruit, vegetables, or wood to consume themselves and to sell to others. Foraging for fruit occurs on lands that have fallen into disuse but still have healthy fruit trees, as well as on private property belonging to others. An afternoon's drive on a major road will take one by a number of local individuals or small groups of people selling fruit. Wood gatherers also operate on disused land or other people's property. Many cut down healthy trees. About 60 percent of respondents have wood stoves, so demand for wood is high. Local leaders and households in several areas, particularly in the north, report that this activity is causing environmental damage.

Fishing

Some households are starting or increasing fishing activity to supplement their diets. Some sell fish for income, but most consume their catch. Full-time fishermen and government officials report that fishing without a license has increased dramatically over the past 10 years. The combination of fishing by both full-time licensed fishermen and part-time unlicensed fishermen is depleting fish stocks.

Renting House Rooms

Some households take advantage of tourist attractions in their locales by renting one or more rooms in their house to tourists. Households in coastal sites such as Saranda, Vlora, and Shkodra can receive significant income from room rentals. Improvements in marketing and telecommunications, and development of the tourism industry, could greatly improve the income of many of these households.

Selling Assets

Some households sell items such as furniture, televisions, and stereos to obtain cash for buy food, warmer clothes, or another necessity. Those that have livestock sell one or more animals when cash or food are short.

Begging

As noted in the chapter on social capital, begging is one of the ways that Romas and Evgjits obtain cash and necessities. A common practice is for women to organize the children of an extended family in groups to beg from urban passers-by. Women and children are responsible for this practice because they tend to evoke more sympathy, and therefore are more effective.

Theft and Vice

Economic difficulties or, for some, mere greed, drive theft and trafficking in prostitution and/or illegal narcotics. Such practitioners range from individuals to internationally organized crime syndicates. Theft driven primarily by the economic difficulty of households includes stealing tires from irrigation systems, looting guns from military depots and police stations, and stealing wood, fruit, or vegetables from someone else's property. More organized groups reign over car theft rings, prostitution, and narcotics distribution, and are often the source of the violent crime that has become a major problem in the country. An elder indicates the link between economic difficulty and crime in Shkodra: "We have an average economic situation. There are many who have been involved in business, weapons trafficking, or fuel smuggling. This is not fair work but illicit . . . .People suffer because there are no jobs." As detailed in earlier chapters, some household heads fear their daughters and wives will be kidnapped or deceived into prostitution causing them to greatly limit their activities. However, according to one association leader, a few girls have said they emigrate and practice prostitution voluntarily as a means to cope with their perceived isolation and lack of opportunity in Albania.

Distance from Urban Centers

The study covers roughly an equal number of households from urban, peri-urban, and rural areas,[58] and finds some variability in the degree of problems they experience. It appears that households in peri-urban areas face more difficulties than those in rural or urban areas. Neritan, a vendor, describes difficulties for people in one peri-urban area: "I sell cigarettes, chocolates, and biscuits on an improvised box just in front of my house. There are a lot of people like me in Kamza. We do not pay taxes. We stay only two or three days in case the public order officer tells us to quit selling in the street. Then we still go out to sell in the street again. The majority of the unemployed go every day to Tirana to find a job by chance. In most cases, they are not able to happen upon a job because there are a lot who look for such jobs in Tirana."

The difficulties in peri-urban areas are due in part to the large number of people who move to these areas around major cities from elsewhere, and have yet to establish themselves. The mayor of Kamza asserts that his municipality has increased from 6,000 people in the early 1990s to about 70,000 residents now, with still more arriving every month. The mayor notes that, although the municipality can afford economic assistance for 900 families, many more apply and are turned down. Agustin, a teacher in Bathore, Tirana says, "Residents of this area have come from the most remote areas of the country, especially from the north and northeastern. In general, the economic and cultural level of the inhabitants is far from satisfactory. The newcomers have illegally occupied land and built their own dwellings on it. For many children trying to learn, this is no way to do it." The typical peri-urban household eats less, is more likely to feel psychological stress, and is more likely to state that lack of public order and lack of access to healthcare are significant problems.

The biggest problems of all three groups are unemployment and lack of income. Public order is also seen as a significant problem. People in rural areas are more likely to say that water shortages are a problem. Those in peri-urban areas tend to put more emphasis on public order and a little less emphasis on infrastructure issues. Households in peri-urban areas are twice as likely to experience "a great deal" of psychological stress. Large majorities of all three groups feel that public security has worsened since 1990, and smaller majorities feel that infrastructure has worsened as well. Majorities in all three groups state that healthcare services are less accessible now, a belief that peri-urban households are more likely to hold.

The diets of urban and rural households are very similar, though rural households drink milk more frequently each week. The typical household in each group eats meat twice a week, vegetables every other day, and bread daily. Although about half of peri-urban residents own some land (median of 3 dynyms), but their diets are less robust, as they consume fruit, eggs, milk, cheese, and butter fewer days a week.

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[58] For a detailed analysis of conditions in some peri-urban communities in the mid-1990s, see Dudwick (1996).

Home ownership rates of rural households are slightly higher than those for the other two groups, and the typical rural home has more floor space ($75m^2$ compared to $60m^2$ for urbanites and $53m^2$ for peri-urbanites). Urban dwellers are more likely to own an electric oven, a washing machine, and a fixed-line telephone, and rural households are less likely to own a sewing machine or computer. About 80 percent of rural households own land, while land ownership rates for peri-urban and urban households are about 50 and 20 percent, respectively. The typical rural landholding is twice (eight dynyms) that of urban and peri-urban households.

Regional Variations of Poverty

As presented in the chapter on objectives and methodology, study sites were selected to represent Albania's major geographic areas and different types of economies and industries. Therefore, it is not surprising that the distribution of the four classes of households described in the Degrees of Poverty section varies regionally. Throughout the previous chapters, which address the different socioeconomic characteristics in Albania, regional variations were highlighted where they occur. The paragraphs below present, for each site, the major sources of household income, assets at the household's disposal, the functioning of government investment and services, and social capital, and how these factors alleviate or contribute to poverty in each site. The sites are classified by the extent to which their residents are impoverished – the poorest districts, middle-tier districts, and districts with the lowest poverty.[59]

Poorest Districts

The poorest districts are Kukes and Kurbin in the north, and Gramsh in the southern half of Albania. Relative to the other districts, these areas have more of the Very Poor and Poor, ranging from approximately 60 to 85 percent of their households. Each district experiences more poverty because it has fewer sources of employment and income. The health of the four key sources of employment and income – industry, agriculture, remittances, and pensions/economic assistance – is lower in each of these district than in the other districts. Households in these districts may be able to depend on only one of these sources for income. Importantly, in comparison to the other districts, remittances from migration are not high, either because migration rates are lower or because the remittance rates from migrants are lower.

Kukes. Kukes has high unemployment and underemployment due to the dearth of industry, as described in earlier chapters. Before the revolution, it was strong in chrome and copper mining and processing, wood products, and construction. But the reform process has resulted in most of these industries closing, and local officials believe that unemployment is now about 40 percent. Government is the major employer but, as detailed earlier, salaries for many government jobs in education and healthcare are low, as are salaries for other government positions. In comparison to other districts, Kukes is average in the number of people receiving pension income and economic assistance. Pension income in Kukes is driven by the number of former employees of the mines, state-owned industrial enterprises, and government agencies. Although an average number of families receive assistance, the amount of assistance is quite low, usually less than L2,000 monthly.

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[59] The small number of open-ended interviews, focus groups, expert interviews, and socioeconomic household surveys conducted in each site and used for this section limits the significance of the analysis and conclusions drawn. Nonetheless, the findings derived from these research techniques are similar to those presented in other studies. See, in particular, UNICEF (2000), "Assessment of Social and Economic Conditions of Districts in Albania", Tirana.

In comparison to other districts, agricultural production, either for household consumption or income generation, is weak. Although rates of land ownership are relatively high, small and fragmented plots of land, combined with low rates of irrigation, limit the sector as a source of income in Kukes. Remittance income is also lower than in most other districts. Although rates of migration are relatively high, the rates of remittances provided by Kukes' migrants are among the lowest. Short-term seasonal migration of less than four months and longer-term migration of more than six months dominate migration patterns in Kukes. The reason remittance rates are relatively low for short-term emigrants is that they usually emigrate illegally and are frequently caught in their host countries before they can earn sufficient funds to remit.

Households in Kukes have a relatively positive perception of the quality of their education system. However, they are much less satisfied with their health, probably due to the their relatively greater difficulty in obtaining enough food. Their view of government effectiveness is more negative than that of households in the other districts, probably due in large measure to concerns about the quality of government services, infrastructure, and rising rates of crime. The number of households that perceive problems in relations among different family, religious, and ethnic groups is average compared to households in the other districts. Violence from feuds is a relatively larger problem in Kukes, but Kukes' relatively homogenous Muslim population limits tension from religious differences. However, women in Kukes are more likely to feel excluded than are women in other districts, primarily in the south.

Kurbin. Kurbin is very similar to Kukes in that local officials believe that unemployment is very high, perhaps as high as 40 percent. In the 1970s and 1980s the government developed several important industrial units in this predominantly agricultural economy, including copper mining, phosphate processing, and wood processing. Kurbin also became a transportation hub for mineral production shipped from more northern regions to Tirana and Durres. However, the transition caused much of this industry to close and many workers to lose their jobs. But foreign investment in the district is creating new jobs, in part due to its transport infrastructure and relatively fewer problems with crime than in other northern districts. An Italian footwear factory has opened, creating 500 jobs, and an Italian medicinal herb company employs 100 people. The phosphate processing enterprise may reopen, and it could hire about 400 people.

As in Kukes, despite the high unemployment, the number of people receiving pensions compared to other districts is average because many were employed in state-owned industrial enterprises or government agencies. Additionally, the number of people receiving economic assistance is average, but the amount of assistance is quite low. Although more than half of Kurbin's agricultural land is irrigated, agriculture is relatively weak due to lower than average land ownership rates and small, fragmented landholdings. The proportion of people migrating is similar to rates in other districts, but the rates of remittances are low.

People in Kurbin tend to like their education system more than the households in some other districts, but they are more pessimistic about the quality of their health. Their worries about crime are average, but they are more critical of government performance than people in other districts. Kurbin has significant numbers of both Catholics and Muslims, and their perception of the quality of relations among various family, religious, and ethnic groups is average compared to perceptions in other districts.

Gramsh. Gramsh may be the poorest of the 10 sites. It is in the geographic middle of Albania without many easily navigable roads to surrounding regions such as Korca or Berat. Under Communism, handcrafts and government services were the major industries until a major military industrial complex was built in the 1960s. Development of the complex spurred much construction and employment in jobs that required strong educational backgrounds. But during the transition, the military industrial complex was closed and construction of a major hydropower station ceased. Unemployment and underemployment increased dramatically. Many people, including most of those in the military industrial complex with higher education, left. As a result, unlike Kukes and Kurbin, the proportion of people receiving income from their pensions is lower than in most other districts.

Gramsh now depends primarily on agriculture and migration as its principal sources of sustenance and income. The sizes of individual landholdings are among the largest in the country, affording relatively more opportunity to produce competitively. However, Gramsh's isolation from other parts of Albanian limits the ability of farmers to generate income from their production. The proportion of people in Gramsh who have migrated is high, and many of these migrants left permanently to cities such as Elbasan, Durres and Tirana. The migration rates for households remaining in the area are lower than average, but those who do migrate, usually for five or six months, remit at higher rates than migrants from other districts. In 1997, a number of households in Gramsh made a one-time windfall by taking weapons and ammunition from the military industrial complex and selling them to the highest bidders. But continuous and reliable sources of employment and income in Gramsh are very limited.

The perceptions of education in Gramsh are low compared to households in other districts. People perceive that the quality of their health is average. But they are less critical of government effectiveness, and the crime rate is lower in Gramsh than in other districts. Gramsh has a small group of Vlachs and some Romas and Evgjits. Muslims and Orthodox Christians comprise the two largest religious groups. Fewer households in Gramsh are concerned about relations among these various groups. However, women in Gramsh are more likely to feel excluded from society than are women in other districts.

Middle Tier

Vlora, Mallakastra, Tirana, Shkodra, and Mirdita are in the middle tier. Approximately half of Mallakastra's households are impoverished, and most of these are Very Poor. Vlora, Shkodra, and Mirdita have similar proportions that are Poor, but far fewer households that are Very Poor. Tirana is a unique district for a number of reasons, including its role as the capital of the country, its ability to attract foreign investment, and its status as the epicenter of migration – for those coming and going. These characteristics make Tirana much more economically and socially heterogeneous than other districts. Consequently, Tirana's classification in the middle tier reflects a hazy average between the poor and the more wealthy households that exist in this district.

The primary sources of employment and income – industry, agriculture, remittances, and pensions/economic assistance – are more healthy in these districts than in the poorer districts. Many households in these five districts can depend on one or two sources of income. Migration and the resulting remittances are important to each district, although Vlora depends on them more than the others do.

Mallakastra. Approximately half of Mallakastra's households are impoverished, and about a third say they are not getting enough to eat. Before the 1970s, Mallakastra's economy was mainly agricultural. But the government decided to make the region a major industrial center, and invested in oil refining and in processing fruit, vegetables, and beverages. In the 1990s, as in the more poor districts, the transition caused many enterprises to close. However, Mallakastra has fewer Poor and Very Poor than the more poor districts because its economy is more diversified. Some oil-related enterprises continue to function and employ people. Compared to other districts, Mallakastra's agricultural sector (production and trade) employs a higher proportion of households, and more of its households receive pensions and economic assistance. Additionally, the district has a disproportionate number of people who migrate for longer than four months, and their rates of remittances are higher than average.

Vlora. Vlora has a large number of Poor households, but relatively few of the Very Poor who experience difficulty getting enough to eat. Before the transition, Vlora had strong industrial and agricultural sectors. It had a bitumen mine, factories to process salt and industrial chemicals, and electrical lighting and transportation equipment manufacturers. Astride the Ionian and Adriatic seas, its tourism sector was also somewhat developed. Vlora accounted for about six percent of Albania's industrial production, ranking it seventh in the country. In agriculture, it had four state farms and a number of agricultural cooperatives that produced corn, rice, vegetables, oranges, and olives. It also had a fishing industry, and processing facilities for fruit and fish.

During the transition, many industrial enterprises were privatized and failed under market conditions, and state farms and cooperatives divested lands to individual households and closed. The food processing enterprises, electrical lighting manufacturer, and industrial chemical factory no longer function. The national riots of 1997, which originated in Vlora, led to the closure of the salt processing factory. In addition, many people lost their life savings, and some lost their homes, by investing money during the mid-1990s in the pyramid schemes, which collapsed in early 1997. However, Italian and other foreign investment in Vlora is creating new jobs. Official statistics indicate that unemployment is about 13 percent, but some local officials believe it is much higher, even though many casual workers are not accounted for in official unemployment data.

The proportion of households receiving either pensions or economic assistance is lower than in most other districts. Agricultural production for other than household consumption is limited by the relatively small size of landholdings and by lower than average land ownership rates. Remittances are the mainstays of household income in Vlora, along with some limited industrial employment and agricultural trade. Rates of migration are average compared to other districts, but Vlora's migrants are more likely to remit funds and goods back to their households. Vlora's location on the coast, with easier access to Greece and Italy than in some other districts, enables more people to migrate and remit funds than otherwise could be possible. The ability to earn income through migration is a key reason why many of the impoverished are still able to get enough to eat.

Vlorans are more likely to perceive that their health is poor and that their education system is not working well. Households suffer more instances of crime than do people in many other districts, and they are also are more likely to feel that relations among different family, ethnic, and religious groups are uneasy. Vlora is home to significant numbers of Vlachs, Romas, and Evgjits, as well as Orthodox Christians and Muslims. Consequently, there is more opportunity for ethnic and religious disputes. But women feel less excluded in Vlora compared to other districts.

Mirdita. Approximately 45 percent of households in Mirdita are impoverished, but only about a quarter experience difficulty obtaining sufficient food. Before the revolution, Mirdita was second behind only Tirana in per capita income, largely due to the mining industry, which numbered 708 mines and 3 processing enterprises. During the transition, most of these mines closed and unemployment and underemployment greatly increased. Official statistics indicate that unemployment is about 21 percent, but actual unemployment is likely much higher. Mirdita's land ownership rates are average, but the sizes of household landholdings are among the smallest in the study, enabling most landholders to produce only for their own consumption.

The rapid closing of mines and difficulties in agriculture have caused widespread migration from Mirdita. Perhaps 30 percent of the population has migrated, and this figure may approach 60 percent in some rural areas. The proportion of households that have at least one person migrating is average in Mirdita. But it has more long-term migrants than many other districts, and long-term migrants tend to remit much more income and goods back to their households. The proportion of households receiving pensions is also relatively high because of the number of people who used to work for mining enterprises or government agencies. The proportion of households receiving economic assistance is also relatively high. Finally, Mirdita currently has a greater proportion of people working in salaried government positions compared to other districts. Because of the preponderance of long-term migrants, the relatively large proportion of households receiving pensions and economic assistance, and relatively large percentage of government employees in Mirdita, the number of Very Poor who do not get enough food is relatively low. This distinguishes Mirdita from Gramsh, Kurbin, and Kukes. But the massive closing of industry and high unemployment in Mirdita has still left a large number of Poor.

Relatively few people in the district believe that the education system is poor and that their health is poor. Most people that both are average. Likewise, household perceptions of crime, government effectiveness, and relations among various family, ethnic, and religious groups are average compared to other districts. But, like other northern districts, the exclusion of women is more widespread.

Shkodra. An estimated 60 percent of Shkodra's population is impoverished, although most say they are obtaining enough food. Before the transition, Shkodra had two large state-run farms that produced corn, cotton, potatoes, and rice. It also had a number of agricultural processing, industrial manufacturing (building materials, wood products, cables, footwear, and soap), and construction enterprises. Tourism was also developing. In 1989, Shkodra accounted for 8 percent of the nation's industrial production.[60] During the transition, many industrial enterprises failed, causing widespread unemployment and underemployment. District leaders indicate that 40 percent of the workforce is currently unemployed. Consequently, industrial production provides relatively little income in Shkodra.

The state agricultural farms were also dismembered during the transition. Despite their breakup, agriculture remains an important source of food and income for rural households. The size of landholdings in Shkodra is larger than average, as is the proportion of land that can be irrigated (43 percent). Lake Shkodra and the Ionian Sea are also good sources of fish and income for households living near these waters. However, rates of land ownership are lower than average, and Shkodra's land distribution has created a relatively large number of land disputes and violence, including murders and ongoing feuds. But the agriculture sector ensures that most of the impoverished in Shkodra still get enough to eat.

Migration, particularly to neighboring Montenegro, yields remittance income for some households. But Montenegro's political and economic uncertainties and Shkodra's poor rail and road connections to Montenegro limit the district's remittance income. Overall migration rates and remittance rates are lower than in other districts. Relatively few household members in Shkodra receive pensions, but a greater proportion of households receive economic assistance.

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[60] INSTAT (1991).

For example, in Pult village, an estimated 90 percent of households receive economic assistance, and about 60 percent of households in 9 other villages receive such aid. Consequently, migration remittances and economic assistance in Shkodra contribute to the ability of many households to get enough to eat.

Reflecting the relatively low number of households that say they are not eating enough, more people in Shkodra believe their health is good. Perceptions of the district's education system is also more positive than in most districts. Shkodra is a mix of Muslim, Catholic, and Orthodox Christian, and has a larger proportion of fis/clans than in other districts. But perceptions of relations between these religious and family groups are no better or worse than in other districts. However, people in Shkodra experience more crime than do residents of most other districts, largely the result of economic conflicts, particularly over land.

Tirana. As noted earlier, Tirana is probably the most heterogeneous socioeconomically of the 10 study sites. Its classification in the middle tier reflects the presence of both Very Poor and Relatively Prosperous households in the district. Although the transition caused many enterprises to close, Tirana now attracts both domestic and foreign investment in industry, has many traders, and employs many government workers and temporary workers in construction. Many people have moved their families to Tirana to seek to emigrate and remit money and household goods, and remittance rates are among the highest in the country. In addition, arable land comprises a little more than 25 percent of Tirana's area, and 70 percent of this land can be irrigated. Corn, vegetables, grapes, other fruit, and olives are important crops. The proportion of people receiving either pensions or economic assistance is about the same as in most other districts. All four key sources of employment and income are healthy compared to other parts of the country. As a result, Tirana has a disproportionate share of Albania's Relatively Prosperous households.

However, Tirana also has a large number of Very Poor and Poor households. As noted in the chapter on migration, many of the people who migrate out of other areas come to Tirana to look for work, and to try to take advantage of better education and healthcare services. The population has increased from 375,000 in 1990 to at least 480,000, and perhaps to more than 800,000. Many newcomers settle in Tirana's peri-urban areas. Some of these "suburbs" were formerly agricultural cooperatives, and people have settled on these lands without legal title or other permission. As a result, not much infrastructure has been built in these areas. Peri-urban residents are more likely than citizens in other districts to perceive that their health is poor. Lack of water and sanitation services are the likely causes. Consequently, the perceptions of government in these areas are worse than in most other districts. Rates of home ownership and land ownership are low, and the size of individual landholdings are among the smallest in the country. But, most importantly, unemployment is so high in these areas that – despite Tirana's relative wealth – district-wide unemployment may still be 20 to 30 percent, according to local officials. As a result, probably more than half the population in Tirana is Poor or Very Poor.

Because of these conditions, many migrants have moved on to other Albanian or foreign cities to look for work and remit funds back to Tirana. Short-term migration is higher in Tirana than in most other districts, as are rates of remittances. The proportion of households in Tirana receiving economic assistance is similar that in many other districts. Remittance income, and to a lesser extent, economic assistance, are important to the Very Poor and the Poor in Tirana. Without them, the proportion of people without sufficient food and other necessities would be even higher.

Least Poor Districts

Korca and Saranda have the fewest number of Very Poor and Poor residents, which comprise perhaps less than 40 percent of households. These districts tend to have more diversified economies, with three or all of the four key sources of employment and income exhibiting good health compared to the other districts. Landholding in both districts is widespread, and average farm size is larger than in the other districts.

Saranda. An estimated 35 to 40 percent of Saranda's population is Poor or Very Poor, a significantly lower proportion than in most sites. About half of these households are Very Poor. Saranda borders both Greece and the Ionian Sea, across from Italy. Its location near wealthier countries and its rich agricultural land give it distinct advantages over other districts. Under Communism, Saranda had three state-owned farms and many agricultural cooperatives, which accounted for about 80 percent of the district's total production. Livestock production was high, and corn, rice, tobacco, oranges, and olives were the principal crops. Agroprocessing of fish, canned food, and macaroni also contributed significant production. Saranda also had a salt mine and a manufacturing base, consisting primarily of automobiles, handcrafts, and carpet production.

During the transition, many of the agroprocessing and manufacturing enterprises closed. The 1997 riots devastated citrus production. In Ksamil, alone, an estimated 30,000 trees were cut down. Irrigation facilities have also deteriorated. Within agriculture, livestock is the only subsector that may have grown since 1990. As a result, unemployment increased dramatically during the transition, although tourism remains a major employer. Further, the proportion of people receiving pensions is lower than average. As a result of these developments, many people have taken advantage of Saranda's proximity to Greece and Italy, and have migrated or opened trading businesses (primarily importing). Rates of both short-term and long-term migration, as well as rates of remittances, are higher in Saranda than in most other districts. Among short-term migrants, a number of people work in Greece during the day and return home in the evening. Official unemployment is only about 13 percent, but actual rates are probably higher despite the significant number of people working as day laborers in Greece and returning home at night. Other factors contributing to relatively low rates of poverty in Saranda, despite the closure of much agroprocessing and industry, are the size and quality of landholdings. Although rates of land ownership are not as high as in other districts, those who do own land are more able to produce sufficient food for themselves, and have some additional production to sell.

More so than in other districts, people in Saranda perceive that education, government services, crime rates, and relations among different family, ethnic, and religious groups are poor. Saranda's disproportionate dependence on migration has greatly affected the education system and the quality of education. Crime rates have risen due to Saranda's location on major trafficking routes through Greece and Italy, and to the influx of migrants from other areas. Relatively poor relations among different groups is the result of Saranda's heterogeneity. As noted in other chapters, the influx of many migrants to settlements outside of Saranda city has resulted in disputes over land, housing, and water. Additionally, the district has a significant number of both ethnic Greeks, most of whom are Orthodox Christians, and ethnic Albanians, most of whom are Muslim, and this demographic composition presents more opportunities for conflicts to arise. Residents of Saranda are also more likely to perceive that their health is worse, but that reflects the larger proportion of older people, since a large number of younger people migrate for lengthy periods of time.

Korca. Korca has the most balanced economy of any district. As a result, it has relatively few Poor and Very Poor households. During Communism, the district had developed an industrial base consisting of industrial equipment manufacturing, glass production, textiles, handcrafts, and food processing. In 1990, Korca accounted for about seven percent of Albania's industrial production. The district also had state farms and agricultural cooperatives that raised livestock and cultivated fruit, corn, and sugar. Korca was the largest producer of fruit in the country.

During the transition, the state farms and agricultural cooperatives were dismembered and their lands distributed, and many of the industrial enterprises were privatized. A number of these enterprises closed during the 1990s. However, the number of trade and services businesses increased rapidly, and some of the textile factories remain open. Some foreign investment is also occurring. As a result, local officials estimate that unemployment ranges between 10 and 20 percent, which is lower than in many other districts. The proportion of those employed in industry and government is higher in Korca than in most other districts. In agriculture, rates of land ownership are average, but Korcans have the largest landholdings of any district. Nearly all of the land can be irrigated. As a result, although agricultural production has declined during the transition, Korca still is one of the top agricultural producers. In comparison to other districts, rates of migration and remittances in Korca are average, despite the proximity to Greece and Macedonia, since there is less need in Korca to cope through emigration. The proportion of households receiving pension income is average, but the proportion receiving economic assistance is above average. Korca's relatively healthy agricultural and industrial sectors, as well as sources of additional income such as migration, pensions, and economic assistance, combine to keep its poverty rates relatively low.

Korcans are more likely to perceive that government services are good. The proportion of households experiencing crime is average compared to other districts. However, they perceive that their education system is slightly below average. They are also more likely to perceive that relations among family, ethnic, and religious groups are poor. Like Saranda, Korca is relatively heterogeneous, with significant representation of most major minorities. Consequently, there are more opportunities for disagreement and conflict among the groups. But women are less likely to be excluded in Korca.

Causes of Poverty

Poverty developed in Albania from a weak economic base at the beginning of reform, worsened as the reforms continued, and, for some, accelerated during the 1997 financial crisis. Economic and political conditions have stabilized for many people in the past two to three years, arresting the steady erosion of their living conditions. But about 40 percent say that conditions have worsened over the past 10 years, and a significant number in the focus groups and interviews reported feeling that conditions have worsened since the collapse of the pyramid schemes.

The legacy of the Communist economic and political system, and the implementation of reforms beginning in the early 1990s, both affected the country in very similar ways. As detailed in the chapter on industry and employment, Albania's economy stagnated under central planning, and significant but hidden unemployment developed throughout the country during the 1980s. The previous section detailed how privatization and reform in this weak economic context created the conditions for poverty. Throughout the country, state-owned enterprises were privatized before competitive market institutions and social safety nets were developed. Many enterprises were probably doomed from the beginning, but others that could have become sufficiently competitive to survive lacked the market institutions to help them. Many workers lost their jobs, and found that only undeveloped labor market institutions and a weak social safety net awaited them.

Simultaneously, the agricultural reforms empowered most Albanians by providing them some land. As described in the chapter on agriculture, the divestment of state-owned farms and agricultural cooperative lands to individual households enabled many to produce their own food, and some began earning cash income from their production. But others received poor quality land or no land at all. As in the industrial sector, the agricultural reforms were implemented before proper market institutions had been developed to enable farmers to produce and market their production competitively.

As workers became unemployed in urban and village areas, and as households decided they could not make a sufficient living from their land, people began to look for ways to cope. As discussed in the chapter on economic assistance, the government began in 1993 to implement economic assistance programs to augment the existing pension system. The system helped many people, but inflation, funding shortages, and overwhelming demand have limited the support this social safety net has been able to provide to individual households. Thus people turned to migration as the preferred coping mechanism. As detailed in the previous section, rates of migration and remittances vary in different parts of the country, but remittances have become a very important source of income in all areas.

Lack of funding and weak management hobbled the government's efforts to address the economic and social difficulties. As discussed in the chapters on infrastructure, education, and health, already weak infrastructure deteriorated further, and healthcare and education services worsened for many. As detailed in the chapter on social capital, new political and social freedoms combined with weakened government capacity to accelerate rates of crime, particularly violent crime. The resulting fear compounded difficulties in producing and marketing agricultural products, finding work, migrating, going to school, and accessing healthcare. It also deterred Albanians and foreigners from investing in job-creating activities, and caused a number of other negative consequences.

Then, in the 1996-1997 period, the pyramid scheme bubble burst. Inflation accompanied the development of the schemes' funds, causing the value of pensions and economic assistance to erode substantially. The bursting bubble helped force a large devaluation of the lek, which also contributed greatly to inflation, and further diluted the value of pensions and economic assistance. A significant number of people lost their life savings, including their homes, by investing in the pyramid funds. Angry citizens in Vlora began to riot, and the riots spread the other parts of the country. As described in previous chapters, a large number of assets were destroyed in the riots, including government buildings, military depots, power and telephone lines, schools, medical facilities, factories, irrigation works, fences, and fruit orchards. Parts of the central government and some local governments temporarily stopped functioning, and some remained weakened after they resumed operations. After the financial crisis, Albania's problems worsened.

The process of weakening governance, economic deterioration, and household impoverishment accelerated coping in all parts of the country, with the same general pattern repeating itself over and over in many areas. For a rural household, individuals whose families cannot earn income from agriculture, because their production is low or markets are too far away, try to find jobs as day laborers in agriculture, construction, or another industry. Industrial workers who lost their jobs during the transition are joining them. Many are disappointed and therefore decide to migrate to a major city. Once in the district capital, they find a few day jobs, but other migrants are flowing into the city and keeping wage rates low, so many move on to

Tirana or Durres or Vlora. Once there, they find many other migrants, and they must accept low wages, sleep outside, and pay more for daily living. But they hear stories of higher pay in Greece and Italy, or Germany, the UK, or even Canada and the United States. So they return home, try to arrange for the security of their family, and emigrate if they can. The rest of their family stays behind, trying to produce enough food to eat and get enough economic assistance to buy necessities. The family hopes their emigrant survives the trip, passes the authorities, and brings home money in a couple of months. In the interim, they run out of cash and have no food, so they go to a shopkeeper, get some necessities, and ask the shopkeeper to put them on the list. The shopkeeper knows and trusts them, and so (s)he does, knowing (s)he will probably be paid for the goods in two or three months. But the shopkeeper's list grows longer and the debts deepen, so (s)he too wonders about his/her security.

Several critical elements of the process described above cause poverty. As itemized below and covered in subsequent paragraphs, they are as follows:

- Unemployment, underemployment, and the accompanying lack of income;
- The lack of capable formal institutions in the private sector, particularly to support the agriculture and industry sectors;
- The government's inability to respond with adequate provision of infrastructure, public security, healthcare and education services, and regulatory oversight; and
- The failure of coping mechanisms to support the minimum needs of households under duress.

Unemployment and Low Income

The focus groups; interviews of households, experts, and leaders; and about 75 percent of those surveyed indicate that unemployment and the resulting lack of income are the most important causes of poverty. Households across the socioeconomic spectrum hold this view. The Very Poor and the Poor assert that unemployment and low incomes prevent them from feeding, clothing, and sheltering their households adequately, and contribute greatly to the fear, hopelessness, and defenselessness they experience. The Non-Poor agree with the impoverished that unemployment and low income are the biggest causes of their difficulties. This view is held by majorities of those in urban, peri-urban, and rural areas, and by both landowners and households without land. In addition to precluding or limiting the ability of families to feed and maintain their households, unemployment and low income also reduce their ability to manage shocks such as failing health and personal tragedies such as accidents and fires.

Lack of Capable Private Sector Institutions

The poverty seen today in rural, peri-urban, and urban areas, and in both the agriculture and industrial sectors, is due in part to the quick destruction or slow withering of various state-owned production centers that linked the country.

In industry, the mines and work units did not have sufficient opportunity to create alternative market institutions through which they could organize their suppliers, organize their production and assembly of products, and sell these products to major markets in Albania and other countries. So when the state-owned sector was privatized and reformed, few could manufacture competitively and market their products effectively. This problem was compounded by the lack of banks and other credit institutions to help finance the development of the necessary structures.

In agriculture, lack of capable institutions is also a key problem. The process of land reform gave most households a stake in land, which has had very positive benefits in terms of providing them with food, some income, and a measure of stability and security. However, the breakup of the large and contiguous landholdings of the state farms and cooperatives into small, fragmented plots precludes many households from achieving economies of scale in production and marketing. Thus the land distribution damaged the foundation of competitive agricultural production in the country. Moreover, large input suppliers are not prepared to sell to individual households, and individual households are not prepared to sell their products in foreign markets, in major urban centers in Albania, or even, in some cases, in local village markets.

The problem of small, fragmented land plots will not go away any time soon. The land reform is largely complete and it will take significant time and resources to facilitate land consolidation. Consequently, the study identifies the cause of poverty in agriculture as a problem of institutions – the need for associations of individual farmers that can provide the capability to purchase inputs competitively, develop irrigation systems, grow food competitively, and sell their products in profitable markets. These associations have not yet been developed. Rural credit institutions are also lacking. Lack of institutions is the *salient* cause of agricultural difficulties that lead to rural impoverishment.

Lack of Governing Capacity

After unemployment and low income, people blame a number of other factors for their poverty – dilapidated infrastructure, inadequate public security, and inaccessible and deficient healthcare services. All of these areas have traditionally been the responsibility of government. As detailed previously, those who are getting enough to eat – the Poor, Non-Poor, and the Relatively Prosperous – are more likely to focus on government deficiencies in these areas as causes of their poverty and/or daily problems. A worsening education system is also seen as a major problem, particularly in southern sites. National and local-level political leaders and government managers often say that they lack the resources to address these deficiencies effectively.

Lack of Infrastructure

Of the traditional areas of government responsibility that now contribute to poverty, most Albanians say that deficiencies in infrastructure are the most important. As detailed in the chapter on infrastructure, deficiencies in water, sewerage, power, roads, and telecommunications increase costs and distances, waste time, and reduce access. These inefficiencies and blockages adversely affect employment, income generation, provision of government services such as healthcare and education, and the effectiveness of coping measures such as migration and accessing economic assistance. Infrastructure deficiencies pervade all aspects of poverty, which is why many people feel it is a key cause. The Poor and residents of urban and rural areas feel most strongly about infrastructure deficiencies, but it is also a significant concern of the Very Poor and residents of peri-urban areas.

Lack of Public Security

Because about a third of households have been victims of a crime within the previous year, most people fear crime and lament the emotional stress it causes. As discussed in the chapter on social capital, these worries impact their daily routines as well as broader economic and social behaviors – working on the family plot, bringing agricultural produce to a market, attracting investment and creating jobs, going to school, visiting a patient's house, applying for economic assistance, confronting water theft, or worrying about a family emigrant. The financial and political crisis of 1997 accelerated the decline into poverty and the deterioration of public security. Households classified as Poor or Non-Poor in urban, peri-urban, and rural areas feel most unsafe.

Healthcare Services

As detailed in the chapter on health and healthcare, although 80 percent of households say the health of their families is average to good, about 40 percent believe their overall health has declined over the past decade. The Very Poor, in particular, experience declining health because of their inability to obtain sufficient food, and because of poor water and sewerage systems. Health problems limit people's ability to seek and perform work, and to cope with the resulting difficulties, further hurting family welfare.

About a third of households feel that difficulty accessing healthcare is a major problem in daily life. Shortages of qualified healthcare personnel, facilities, and access to medical personnel and medicine are the problems most mentioned by focus group and interview participants. As a result, illnesses related to lack of preventive care and hygiene are rising, as are those associated with lack of food and potable water. More families face the risk that a catastrophic health problem will push them into or deepen their poverty. Health and healthcare conditions are worse for those at the bottom of the socioeconomic ladder, those without access to key infrastructure such as water and sewerage systems, and those further away from cities.

Education

Most Albanians do not believe that poor education causes poverty. As detailed in the chapter on education, although about 65 percent feel the quality of education has declined over the past 10 years, a majority still believe the quality of their own schools is fair to good. But political leaders, education administrators, and teachers believe that student performance is worsening. Illiteracy is emerging in some areas, particularly in rural households and those in newly formed peri-urban settlements. Continuing declines in school attendance and educational quality over the long term could contribute to poverty and make its alleviation much more difficult.

Deficiencies in Management and in Mobilizing Resources

As detailed in the chapter on social capital, political leaders, national managers, local government managers, local government employees, and citizens complain about shortages of funds in each of these sectors. Budgets are too low to support existing facilities and government employees. The resulting low salaries and lack of investment in facilities cause personnel to leave and demoralize those who stay. Inadequate management practices also dilute the effectiveness of existing government resources. Many of those who can afford to pay taxes, including a significant number of relatively prosperous, acknowledge that they pay no taxes. Tax collection, although improving significantly, remains weak and may not be targeted equitably. As a result, government functions and services are inadequate to address poverty.

Failure of Coping Mechanisms

This report has described a number of measures Albanians use to cope with their difficulties. When successful, some of these coping mechanisms can greatly reduce a household's degree of poverty, or keep the household out of poverty altogether. Migration, economic assistance, and informal credit are the most widely used coping measures. But when these measures fail, households must often resort to other, less socially acceptable ways of coping, such as theft and other crimes, to avoid the worsening economic conditions that frequently result in impoverishment.

Migration. As detailed in previous chapters, successful migration and remitting can make the difference between being a Non-Poor and a Very Poor household. Many people distinguish the wealthy from the poor by the number of family members who migrate. However, this coping measure can fail for a number of reasons. For example, many émigrés – especially those from poor households – have difficulty obtaining visas, so they enter the host country illegally. One of the most common reasons emigration fails is the repatriation of illegal emigrants, and/or the confiscation of their earnings by thieves or by Albanian or foreign police. Other causes of failure are poor health or fatigue. Emigration is too physically difficult for some people, and when a household has no one capable of withstanding the difficult journey, it often falls into poverty.

Economic Assistance. As noted in previous chapters, economic assistance is usually inadequate and not a large proportion of household income. But for a significant number of the Very Poor, this assistance is the only way to obtain basic food items, such as flour to make bread. According to official statistics, about 20 percent of the Albanian population currently receives economic assistance, including many of the Very Poor. However, for many of the Very Poor, failure to access economic assistance results in intensified poverty.

Informal Credit. Informal credit on a shopkeeper's list is a very important coping mechanism. Very Poor and Poor households may have no income for several months while they await a remittance from a relative or economic assistance from the government. The list enables them to continue living in the interim. However, shopkeepers in many areas report that their lists are lengthening, and some have begun to curtail or eliminate the practice. If conditions continue to worsen, some of the impoverished will resort to other coping measures, but many will fall further into poverty.

XIII. CONCLUSIONS

This qualitative assessment is based on the perceptions of the Very Poor, Poor and Non-Poor members of society in the 10 study sites. It confirms many existing understandings of poverty, as well as identifies a number of new findings. Because of the absence of previous baseline studies on poverty to which we can refer, and the fact that a qualitative assessment is not statistically representative of the whole of Albania, our conclusions and policy implications are limited to perceptions, trends, directions, and identification of more lines of inquiry. More work is required to establish a poverty line and measure more precisely the scope and intensity of some of the phenomena observed during this assessment. It is difficult to summarize conclusions and policy implications in a few lines because of the interdependence and complexity of the phenomena observed, but an attempt is made here to bring them together.

For many households, the lack of food, clothing, and other basic necessities is still a primary preoccupation. Absolute poverty remains high in the study sites despite many years of positive economic growth, and there is some evidence that conditions have worsened for those at the bottom of the socioeconomic ladder in the last few years. In addition to lack of income and material wealth, households also experience poverty as a lack of hope and emotional well-being, a lack of access to basic services, a lack of physical security, and an inability to sustain family traditions.

High unemployment and underemployment are seen as the principal causes of poverty. Households and key informants see the problem with employment resulting from a number of interdependent factors, including: the lack of domestic and foreign investment in industry and agroprocessing; the lack of private sector institutions to facilitate input supply, production, and marketing; inadequate infrastructure, which reduces the productivity of individual households (because of poor health and poor education) and enterprises alike. The lack of security against crime and intimidation, which depresses investment and other productive activities; and the weakness of central and local governments in mobilizing resources and addressing pressing infrastructure, public security, health, and education needs are also seen as major factors.

In response to the daily problems caused by these factors, households have developed or enhanced coping mechanisms. Migration has become the main coping mechanism in the area covered by the study. On one hand, it is a source of essential cash and revenue for many households; on the other hand, it creates stress on social structure and families. It will also have very important implications for changes in the spatial distribution of the population and the speed and type of urbanization.

Other coping mechanisms include as credit by shopkeepers (the list), small trade, and *Ndhime Ekonomike* and other social assistance. However, these coping measures are under stress. Informal credit may become less available and there is evidence that shopkeepers are less willing to let the list grow and underwrite household debt. Government social security programs are currently too low and insufficiently targeted to help many of the impoverished. Consequently, while conditions for some have worsened over the past decade and in the last several years, they could deteriorate further if these coping measures wither.

Security is a major issue for many people and particularly the poor. Crime, the lack of public order, and a weak judicial system, as well as the lack of government presence in remote regions, are seen as major reasons for insecurity. Lack of security and the weak judicial system are also part of the reason for the resurrection of traditional forms of local governance such as the Fis, which helps families to cope with immediate needs for law and order in communities but has a number of negative aspects, especially for youth and women. The bonding social capital supported by the fis system can actually increase the isolation of some groups, as it is strongly based on clan social structure. Many of the households interviewed are very aware of the limitations inherent in the return to fis and Canun, but they do not see many ways out, as they do not trust the formal system for law and order.

People in the study area still see the Government as an institution that should provide major support to communities in many different areas of public and private life. At the same time, they lack trust in public institutions at both the central and local levels. This results in a feeling of hopelessness. The vacuum or weakness of formal institutions, both private and public, is obvious from the study findings, but at the same time, there is limited effort by the population itself to generate organization with horizontal and vertical connections.

Policy Implications

It remains important to better understand why sustained growth does not have more of an impact on poverty reduction. Poor basic infrastructure seems to be a major impediment, especially water supply and feeder roads, but the lack of public security is also a critical barrier to economic activity at all levels. Investment in basic social and economic infrastructure should remain a central priority. The poverty reduction strategy should also nurture improvements in law enforcement, judicial administration, and anti-corruption efforts to improve public security and the accountability of government institutions.

The poverty reduction strategy should also support improvements in government management at the national, regional, and local levels. Management of social security programs, health services education, and infrastructure maintenance deserves special emphasis. As part of these governance improvements, the implementation of decentralization laws and regulations and the efficient and equitable mobilization of fiscal revenue require close attention. Projects with strong community participation are essential to overcome the cynicism Albanians have developed toward their government, and also to overcome the vacuum of institutions at the community level.

The broad implications for economic and social development of the large-scale migration and remittance economy need to be fully integrated into the PRSP and the Government's growth strategy. Some regions will rapidly depopulate and the remaining population will survive exclusively from remittances; and those remaining will probably be the most vulnerable, elderly, and the very poor, who could not find enough resources to emigrate. This will also mean very important changes in the spatial distribution of the population, with important consequences for public investments and support for social services.

Many people in the study area still want their government to perform many of the functions it provided during the Communist period and, therefore, they remain passive in developing private linkages among groups within their community and between communities. The resulting dearth of private service organizations and associations limits the capacity of communities to improve living conditions in the absence in many locales of strong and effective government. The poverty reduction strategy should engender the development of local, non-governmental associations and other organizations to link existing elements of civil society together to pursue common and constructive social goals. These elements of civil society should include existing associations, NGOs, fis, and other networks, as well as new elements to be developed. This is already being done through many projects (microcredit and social service delivery projects) and is reflected in the future portfolio (fisheries and community-driven development). What may be lacking is a more universal strategy for community-driven development that would promote stronger citizen participation in government decentralization and in sectoral policy development. Family/fis-based associations are filling the gap in some northern and eastern districts, sometimes with negative consequences, especially for youth and women. Specific projects may be needed in these districts to stimulate more openness and reduce violence, crime, and other conflict. In this context, development of activities for young children, adolescents, and women would be important.

ANNEX 1
EXPLANATION OF SOCIAL CAPITAL

Social capital is defined as the set of institutions, organizations, and networks through which people gain access to power and resources, and through which decisionmaking and policy formulation occur[61] at the local, regional and national levels. Social capital can be used for good or bad purposes. "Good" social capital encourages communication, inclusion, meritocracy, equity, trust, accountability, justice, dignity, confidence and hope. "Bad" social capital encourages exclusion and mistrust among different groups.

The institutions, organizations, and networks of social capital involve four basic categories: (1) horizontal associations,[62] found predominantly at the local level; (2) civil and political society, which comprises factors such as political and economic equity or discrimination, relationships among religious and ethnic groups, local autonomy, and political rights; (3) social integration, as measured by homicide and suicide rates, strikes, protests, crime, divorce, unemployment, and ethnolinguistic fragmentation; and (4) legal and governance aspects, including judicial independence, integrity of contracts, and quality of the bureaucracy.

Institutions are the rules, formal or informal, that people use to guide or control human interaction. These institutions generate expectations about the rights and obligations of participants in a given social transaction, and structure incentives to use those rights and meet those obligations.[63] They also provide general incentives or disincentives for people to behave in specific ways. Tangible incentives include monetary rewards, authority, and power; and intangible rewards such as reputation. Incentives can be controlled internally by an organization or peer group, or externally by those important to an individual or organization, such as a potential employer, family, ethnic group, religious group, tribe, or union. These expectations and incentives fuse to bring predictability and efficiency to a social interaction. Examples of institutions include marriage, licensing, burial customs, contracts, wage labor, a currency, the handshake, insurance, weights and measures, and a budgeting process.[64]

In post-Communist societies, the social transformation to pluralism and markets ruptures formal institutions and organizations. As a result, the population increasingly relies on informal institutions that have traditionally underpinned their culture and society through memory and transmission of information via oral history.

Organizations are tools to arrange authority to achieve the various elements of social capital. Some organizations are formal and others are informal.

A formal organization comprises a group of people who attempt to achieve a common purpose by interacting on a regular basis according to written rules and procedures of behavior. This group recognizes the authority of a common leader or group of leaders in a power hierarchy comprising at least two levels of power. In comparison to informal organizations, they tend to be more focused on a purpose, more stable, more durable, and led by a rational authority vested with powers given by the group within the institution. Examples of these institutions include: government agencies, economic interest groups, private companies, churches and other religious groups, NGOs, education/health groups, and social service groups.

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[61] See Grootaert (1998), p. 2.

[62] Horizontal institutions are local institutions, enterprises, cooperatives, trade associations, and community-based civil society organizations that establish linkages at the same level. Compare with vertical institutions such as professional associations, farmer organizations, trade unions, etc., which branch out from the local level and become integrated with national or regional organizations.

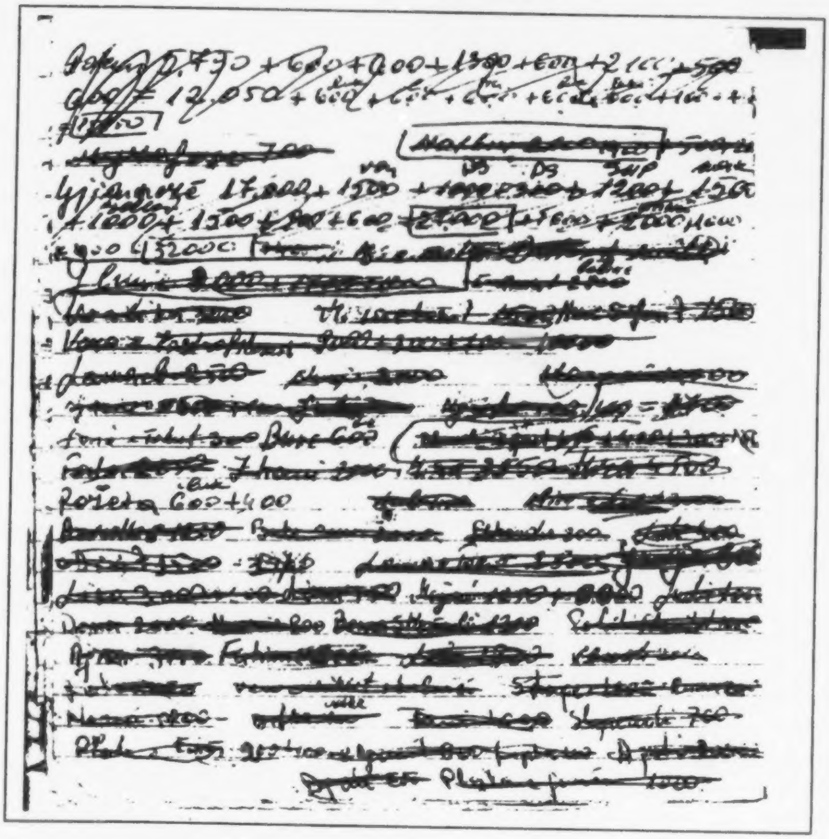
[63] "Draft of Guidelines for Assessing Institutional Capability," Berryman et al. (1997).

[64] Ibid.

An informal organization comprises a group of people who attempt to achieve a common purpose by interacting on a regular basis according to common but unwritten rules of behavior. In comparison to formal organizations, they tend to be less focused on a purpose, less stable, less durable, and led by one or more charismatic leaders. Examples of these organizations include some religious groups, book clubs, sports teams, and card-playing groups.

Social organization/network is the arrangement of individuals, institutions, and organizations (both formal and informal) within a society and their relative power to influence each other and the events, trends, and issues relevant to their functioning. The relative power and/or authority of each member of the organization/network is established by a number of factors, including resources, reputation, and the ability to promote linkages that contribute to the well-being of all members. Social organization can be as important as the absolute amount of social capital to determining the extent of poverty in a community.

ANNEX 2
"THE LIST"



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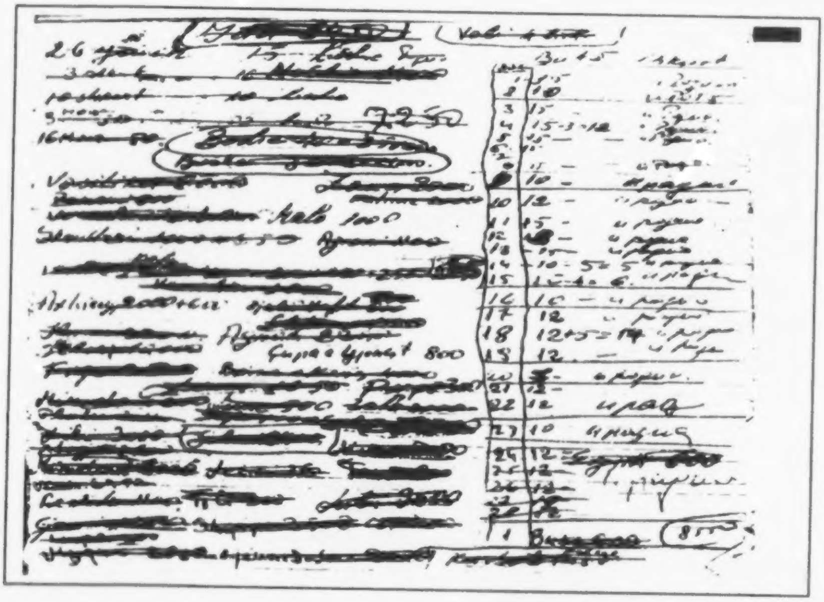

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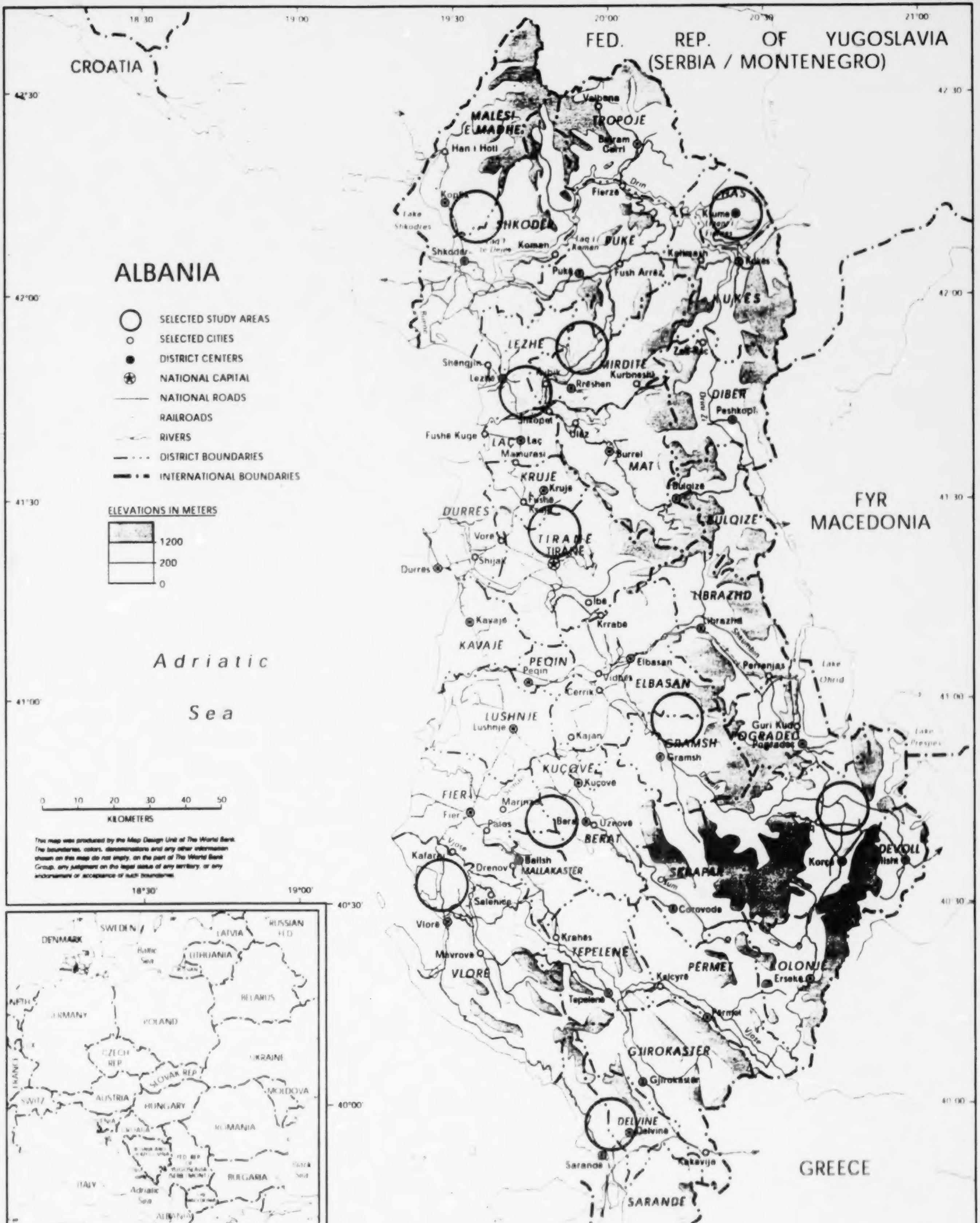

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